

Financial Times Tuesday April 27 1983

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THE POUND

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday April 27 1983

No. 29,059

U.S.: Reagan's public standing, Page 11

NEWS SUMMARY

GENERAL

Reagan considers envoy for Salvador

President Ronald Reagan is expected to appoint a special U.S. envoy to supervise the planned 1984 Salvador elections in December. The move would be seen as an attempt to head off a mounting rebellion in Congress against his Central American policies. It was thought that he might make an announcement in his address to tonight's rare joint session of the Senate and the House of Representatives. Page 12, El Salvador background, Page 4

Kohl in China

Chancellor Helmut Kohl of West Germany has accepted an invitation to visit China. No date has been set.

Nicaragua fears

Nicaraguan junta leader Commander Daniel Ortega said he expected a new front to be opened in the guerrilla war, from across the Costa Rica border. He said the U.S. was supporting a force of between 500 and 700 men without the knowledge of the Costa Rican Government. Page 4

Cubans restricted

U.S. reimposed a 25-mile (40km) travel restriction on Cuba's United Nations diplomats in New York, saying officials had misused their freedom to travel by engaging in espionage.

Israeli homes plan

Israel's Government plans to move thousands of Palestinians out of refugee camps on the West Bank into alternative housing.

Premier steps down

Thai Premier General Prem Tinsulanonda said he would not serve as either term of office. Last week's election proved inconclusive and he was seen as the one man capable of untangling the country.

Swedes recall envoy

Sweden recalled its ambassador to Moscow after publication of an official report saying six Soviet submarines had entered Swedish waters last autumn, and the Foreign Ministry called in the Soviet ambassador to protest against repeated incursions. Page 2

Aid workers held

Four Britons and two Irish nurses were among 10 foreign aid workers taken hostage by anti-government guerrillas in northern Ethiopia. A Belgian MP, back from Eritrea, showed in Brussels photographs and videotape of what he says are Eritrean victims of Ethiopian army napalm bombing.

Dog lovers give up

Brandishing guns and a bomb, a married couple held police at bay for seven hours after seizing the town hall at Norwich, New York, to demand the return of their 43 dogs. They surrendered when police promised them two dogs in exchange for the release of 10 officials held hostage.

Dust in the desert

Eight Dubai merchants who ordered 500,000 worth of seed nuts and clothing from Hong Kong, and paid in advance, opened the consignment and found only sawdust.

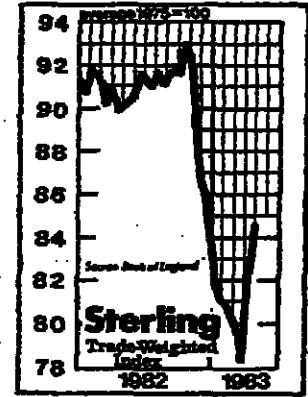
Briefly...

Four Ethiopian football internationalists have asked to stay in Mauritius as refugees.
Japan: Six crew of an anti-submarine seaplane, were killed when it crashed at the Iwakuni base.

BUSINESS

\$118m loss for U.S. Steel

U.S. STEEL reported a first-quarter loss of \$118m, following a first-quarter 1982 profit of \$81m, and a first-quarter loss of \$232m. Page 12. Bethlehem Steel lost \$175m in the first quarter, an increase of 162.7 per cent on 1982, but thinks the worst is over. Page 13



DOLLAR was firmer, rising to DM 2.455 (DM 2.444), FF 7.3475 (FF 7.3275), Sfr 3.566 (Sfr 3.555), and Y211.5 (Y210.5). Its trade weighting improved from 122 to 122.5. In New York, it closed at DM 2.4455, FF 7.3235, Sfr 3.5515, and Y210.85. Page 36

GOLD fell \$4 in London to \$285, by \$7.75 in Frankfurt to \$285.75, and by \$7.75 in Zurich to \$285.5. In New York, the Comex April settlement was \$285.8 (\$285.9). Page 33

LONDON: FT Industrial Ordinary Index edged up 11.9 to 982.2, Government securities showed minor gains. Report, Page 29; FT Share Information Service, Pages 34, 35

WALL STREET: Dow Jones index closed 22.25 up at 1,201.86. Report, Page 28. Full share listings, Pages 30-32. New York City has almost doubled plans to introduce a stock transfer tax on securities firms, saying it might retard growth.

TOKYO: Nikkei Dow index rose 11.38 to 9607.47. Stock Exchange index gained 1.2 at 624.62. Report, Page 29. Leading prices, other foreign exchanges, Page 32

AUSTRALIA'S Government is to bring in a new budget next month to check inflation and boost housing and other job-creation measures. Companies have been urged to hold down dividends in line with the wage pause. Page 3

CHINA, looking for long-term iron supplies, says three Australian groups, Goldsworthy, Hamersley, and BHP, have offered to discuss joint ventures. Page 18

AT&T, the U.S. telecommunications group, has deferred closure of its Dublin plant until May 6, to discuss with the Irish Industrial Development Authority, whether the plant and any of the 500 jobs can be saved.

BRITISH Electric Traction is bidding £122m (\$192m) for the 38.1 per cent of cable television group Rediffusion it does not own. News Analysis, Page 6; Lex, Page 12

MATSUSHITA ELECTRIC of Japan, whose 83 subsidiaries include Victor, reported net profit for the first quarter, ended February 20, of ¥34.9bn (\$147m), 1 per cent up on a year before. Page 15

WORLD AIRLINES of the U.S. is offering passengers buying tickets to the U.S. dollars at the favourable rate of \$1.82 to the pound until May 31.

British business confidence sees sharp recovery

BY MAX WILKINSON AND ROBIN PAULEY IN LONDON

A sharp upturn in UK business confidence was reported yesterday by the Confederation of British Industry (CBI). The employers' group said that its latest quarterly survey revealed the first substantial recovery of confidence since July 1978.

The CBI's latest industrial trends survey of 1,700 companies showed that 38 per cent of them were more optimistic about business prospects than they were four months ago. This compares with only 12 per cent reporting more optimism in the last survey in January.

However, the CBI emphasised yesterday that the recovery was starting from a very low level of activity, and cautioned that any talk of a "boom" would be premature.

Sir James Clesington, chairman of the CBI's economic situation committee and its president-elect, said yesterday: "We are looking at a steady climb off the bottom and we are probably just in the second rung of the ladder now."

The CBI's quarterly survey, which is the most extensive of its kind in the UK, has an excellent track record in predicting the course of the economy.

Yesterday results from the April survey were welcomed by Mrs Margaret Thatcher, the Prime Minister, as "very good news."

"Added to other signs it gives grounds for cautious optimism about recovery."

The latest indications of industrial recovery buoyed up the stock market in London yesterday. The FT industrial ordinary share index rose 1.9 points to close at 985.2.

A general mood of confidence was also helped by the continued strong trend of sterling. Its trade-weighted index calculated by the Bank of England rose again yesterday by 0.6 points in London to 84.8 (1978-100), its highest this year and some 8 1/2 per cent above its low point in March.

The CBI's survey also showed: A balance of 16 per cent of companies reporting a rise in the volume of total orders, the largest recovery in demand recorded since 1977.

The largest proportion of companies reporting a rise in output since July 1979. A balance of nearly a quarter of companies expects further and larger rises in output in the next four months.

Significantly improved export prospects, with a majority of companies reporting higher export demand for the first time since October 1981.

A suggestion that unemployment may rise at a diminished rate in the coming months.

An indication that price rises will continue to be moderate in the coming months.

CBI Industrial Trends Survey Number 88 April 1983. Annual subscription to non-members £140, single copies £37.50, from CBI Industrial Trends Forecasting Department, Centre Point, 102, New Oxford Street, London WC1A 1DU.

Details, Page 6; Feldstein urges Federal budget deficit curbs, Page 4

Barclays to boost capital with \$400m U.S. issue

BY ALAN FRIEDMAN IN LONDON AND WILLIAM HALL IN NEW YORK

BARCLAYS BANK, the biggest bank in Britain, with assets of \$500m (\$920m) yesterday launched its largest ever capital-raising exercise with a \$400m 20-year bond issue in the U.S.

The 20-year bonds, known as "Yankee bonds" because they are a U.S. domestic borrowing by a foreign institution, represent the single largest such issue for a foreign corporate entity.

The money is being raised on very fine terms, with Barclays paying 11 1/2 per cent on the 20-year bonds, which are priced at 98.50 to yield 11.89 per cent at issue price. This is a spread of just over 1 per cent above the comparable U.S. Treasury bond, which illustrates the strength of demand for the Barclays Triple-A rated paper.

Barclays is one of only a handful of banks in the world which today carry the top-quality Triple A credit rating.

On April 12 Barclays filed a "shelf registration" in New York, giving notice that it planned to raise up to \$500m during the next two years. Until just a few days ago the bank and its advisers expected to raise \$150m - this was increased initially to \$300m and then to \$400m on the strength of a warm market reception in New York.

Mr Frank Dolling, a Barclays Bank vice-chairman, said last night the proceeds would be used "to strengthen the capital base and support budgeted growth." Barclays has an equity capital base of just under £1bn.

Last year Barclays made bad and doubtful debt provisions which were more than doubled at £318.3m

Mr Dolling said that as these provisions had been transferred into reserves, the "Yankee bond" issue would be useful for the bank's capital base. "Had we not suffered those bad debt provisions, the need for capital would have been less," he explained.

Mr Dolling stressed, however, that the provisions had been only one factor behind the \$400m issue, which was part of the bank's continuing policy of replenishing its capital base from time to time.

Barclays last borrowed in the U.S. capital market in June 1981, when it issued \$100m of 10-year notes bearing a 14 1/2 per cent interest.

Continued on Page 12
UK banking myths, Page 11; International capital markets, Page 28



Sr Mario Soares

Soares faces the problems of victory

By David White and Diana Smith in Lisbon

AFTER MUTED celebrations by torchlight for the return of Sr Mario Soares, the Socialist leader, as Prime Minister, Lisbon went back to work yesterday under rain clouds.

The Socialist forecast of austerity for the next two or three years is expected to start affecting the country as soon as Sr Soares is able to form a coalition government.

His party's inability to secure an absolute majority adds to the uncertainty of the country's economic outlook.

Sr Soares's victory completes a trend that brings the whole corner of Europe covering France and the Iberian Peninsula under Socialist leadership for the first time in history. Portugal's Socialists, however, face problems that are more urgent than was the case in the two larger countries.

These problems fall into three closely related areas.

Political. The election, which still awaits final results, especially from the large, basically conservative, expatriate community will leave the Socialists with 99 or 100 seats. This is a gain of about a third on their previous total, but well short of the 128 they would have needed for an absolute majority.

Although the joint Left, with a gain in the Communist vote, would easily achieve that majority, Sr Soares has flatly rejected a French-model Union of the Left. He therefore has to pitch his tent in the same camp as the Social Democrats (PSD), who were the main force in the last government.

That prospect is complicated by the weak position of Sr Carlos Mota Pinto, who was elected as the PSD's new leader only two months ago. Both parties must sound out their rank and file before entering into an alliance and, therefore, before agreeing on a programme.

The Socialists have vowed to implement 100 measures in 100 days.

Continued on Page 12
Editorial comment, Page 10

Signal puts Mack Trucks up for sale

BY RICHARD LAMBERT IN NEW YORK

MACK TRUCKS, one of the world's leading producers of heavy duty diesel trucks, is up for sale. Signal Companies, a California-based industrial group which owns 80 per cent of the shares, said yesterday preliminary discussions were under way with Renault of France, which bought 20 per cent of Mack in 1979 for \$115m.

The talks concern the possibility of the French company increasing its shareholding in Mack, which lost \$32.3m in 1982, and of assuming operating responsibility for the company.

Signal said the balance of its shareholding in Mack would be sold either through an underwritten public offering or a distribution to Signal's shareholders. In preparation for such a move the group has written down its investment in Mack by \$108m.

Mack's assets last year amounted to \$722m, and its sales totalled \$1.3bn, down from a peak of \$1.8bn in 1979.

Signal merged with Wheelabrator-Frye, an international engineering and manufacturing company, last November in a deal worth nearly \$1bn. Since then there has been speculation that Mack might be split off from the enlarged group.

Mr Forrest Sumway, Signal's chairman and chief executive, said yesterday the thrust of Signal had shifted, making it sensible for the group to redeploy Mack's assets.

Mack's earnings reached \$67.3m in 1979, when it delivered 38,300 units, but it has been badly hit by the worldwide recession. Deliveries fell to 19,800 last year, and although the company has reduced its operating costs substantially, it moved into the red during the year.

The cost to Signal of writing down its investment in Mack has almost been offset by a \$107m gain on the sale of a broadcasting interest. The group is also reorganising its continuing operations. As a result it reported yesterday a net loss of \$83m for the first quarter of 1983, against a profit of \$31.2m in the same period of 1982.

Continued on Page 12
Editorial comment, Page 10

Brazil delays paying and blames banks

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL has delayed debt repayments totalling \$152m due to a syndicate led by the California-based Wells Fargo Bank, apparently in retaliation for the U.S. regional banks' failure to meet their full commitments under the Brazilian rescue programme.

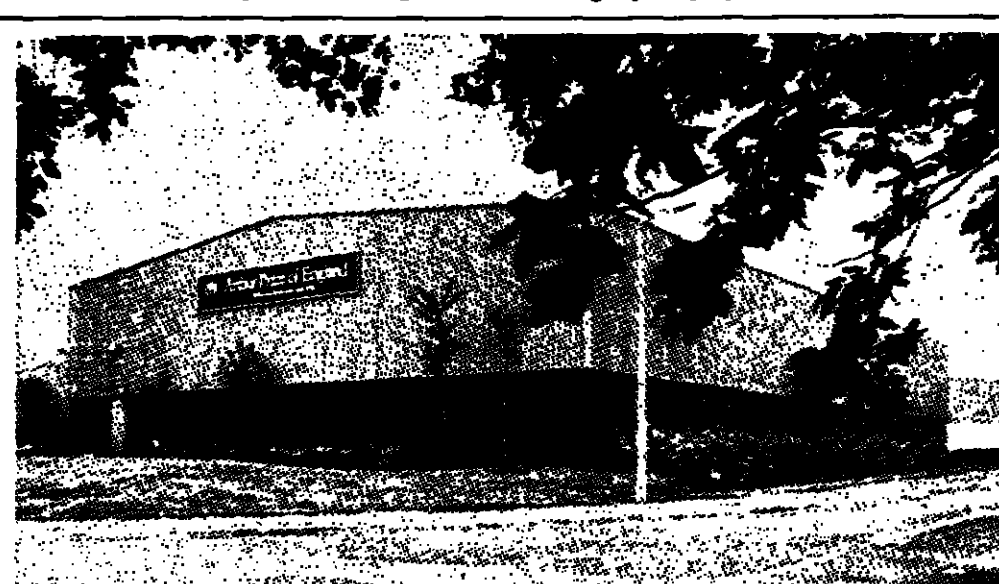
The arrears are in two repayments of syndicated bank loans. The group is also reorganising its continuing operations. As a result it reported yesterday a net loss of \$83m for the first quarter of 1983, against a profit of \$31.2m in the same period of 1982.

Mr Carlos Langoni, the central bank governor, acknowledged yesterday that the Petrobras arrears were part of the wider problem.

Petrobras had provided the central bank, as usual, with the zero equivalent of the foreign loan repayments, but this was not then converted into U.S. dollars for transfer to Wells Fargo.

Sr Roberto Gabeas, the Finance Minister, says the oil company has already been able to raise fresh credit lines abroad. However, the damage which has been done to Petrobras' once high standing in the international money market could, in the long term, be considerable.

Western banks in Brazil have been told by the central bank that "those who co-operate with us will get paid first."



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EUROPEAN NEWS

Defence agreements 'distort trade'

By Bridget Bloom, Defence Correspondent in Brussels

AGREEMENTS between U.S. and European companies in the defence field are distorting trade, Mr Lawrence Brady, Assistant Secretary for Trade Administration in the U.S. Department of Commerce told a business symposium in Brussels.

In a hard-hitting speech, Mr Brady gave five reasons why the Reagan Administration was not happy with the series of industrial-military co-operation agreements with its European NATO allies.

The agreements cover a variety of co-production, co-development or licensing of military equipment under the umbrella of memorandums of understanding signed in the 1970s between NATO allies including Britain, West Germany and Italy.

Mr Brady said some people in the U.S. Government and industry believed that the agreements had led to a leakage of key technologies to the Soviet bloc, to "export of jobs away from U.S. workers to those abroad" and to an equivalent "loss of skills".

Mr Brady also said some sectors of the U.S. Government and industry were concerned that the transfer of technology to European countries resulted in increased foreign competition for U.S. industry.

The Administration was also concerned about the trade-distorting effects of co-production requirements.

Mr Brady was addressing a high-level symposium in Brussels organised by the Defence Marketing Services (DMS) involving more than 250 European and U.S. executives in defence industries as well as senior government officials.

The hard line adopted by Mr Brady—who is in charge of the administration of export control within the U.S. Department of Commerce and is also involved with the controversial amendments to the current Export Administration Act—has been the stand taken by Pentagon officials who briefed the symposium on the key importance of industrial collaboration within the Alliance.

Talks begin on Austrian coalition

By W. L. Leutkens in Vienna

PARTY BARGAINING for the formation of an Austrian coalition to succeed Dr Bruno Kreisky's All-Socialist government began in Vienna yesterday.

The first meeting was arranged between the Socialists, who lost their absolute majority in Sunday's parliamentary election, and the conservative Peoples Party, which won four additional seats. The negotiating teams agreed to meet again, probably after the middle of next week.

A coalition between these two parties, consistently the largest in the land, is favoured by widespread popular sentiment and also by some powerful influences in the Socialist Party. But Dr Kreisky objects.

In nominating him as head of its negotiating team the Socialist leadership sided with him, at least for a start. It has Dr Fred Sin, the man whom the Socialists have put forward to be the next Chancellor.

Each of the three parties intends to negotiate with the others in turn, but a coalition between the Socialists and the small liberal Freedom Party looks the most probable. Dr Kreisky and the leader of the Freedom Party, Dr Norbert Steger, met yesterday to agree a timetable for coalition negotiations.

The Socialists would have to pay a price not only in portfolios, but by modifying their interventionist economic policy and dropping several unpopular proposals to close tax loopholes. These include the introduction of a withholding tax on interest payments, including interest on savings accounts.

Since Austrian law permits depositors to have anonymous accounts, savings interest has proved a most popular method of tax evasion.

The Freedom Party has come out against the proposal of a withholding tax and against a proposal made by Dr Kreisky to tax Christmas bonuses and similar benefits.

The result of the election was announced yesterday after votes cast by absentee voters had been counted. They did not change the figures announced on Sunday night. The distribution of seats therefore remains Socialist 90, Peoples Party 81, Freedom Party 12.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$45.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

Belgian call for closer links on steel

By Paul Cheesewright in Brussels

THE BELGIAN Government has started to push hard for greater collaboration between its own steel industry and those of the Netherlands and Luxembourg.

Greater commercial collaboration must be examined, Mr Mark Eyskens, the Minister for Economic Affairs, said in Brussels yesterday.

Essentially the links would be tightened between the Cockerill-Sambre group of Belgium, Arbed or Luxembourg and Hoogovens of the Netherlands.

The three countries last year accounted for 17.8m tonnes out of total EEC production of 111.4m tonnes. Links between them already exist. Arbed, for example, has 63 per cent of Sidmar, the steel firm in Luxembourg. Hoogovens and Cockerill-Sambre has an association agreement with Valin of Liege.

Technical studies on collaboration are being made. Mr Eyskens said, and he will have another meeting with Dutch and Luxembourg ministers before May 25. That is when EEC ministers will meet to discuss restructuring plans and production quotas.

Mr Eyskens had one round of talks with the ministers in Luxembourg on Monday. He described the Dutch attitude to the idea as cautious.

The Belgian Government sees greater collaboration across national frontiers as a means of saving jobs and restructuring Cockerill-Sambre.

How the loss-making group might gain from greater international collaboration is expected to be specified in a report commissioned from Jean Camels, the French expert who has already produced a restructuring plan for Arbed.

The Camels report will be in government hands by mid-May and will form the basis of the Belgian plan for the future of the industry on which the European Commission has to rule by the end of June.

West German vehicle registrations up

By James Suchan in Bonn

NEW vehicle registrations in West Germany reached their second highest level last month, providing further evidence that the domestic economy is picking up.

The Federal Registrations Office in Flensburg announced yesterday that new motor registrations were up to nearly 388,000 last month, 11.5 per cent higher than a year ago, and only 20,000 short of the highest monthly total in March, 1979.

Total new registrations in the first three months of 1982 were 1.1 per cent on the first quarter of 1982.

THE COMING OF CABLE TV



Bonn treads carefully on private TV

By James Suchan in Bonn

THE NEW Centre-Right government in Bonn and Herr Christian Schwarz-Schilling, the Post Minister, are eager to speed up cable television in West Germany will certainly not be the first in private television.

Although Bonn intends to spend DM 1bn (£261m) this year on laying cable networks, more than double the figure under the former Social Democrat-Liberal Government the first pilot project is not due to start operation until next year.

Broadcasting policy in Germany is largely the province of the federal states who agreed in 1978 to follow up an expert commission's recommendation for pilot projects in Berlin, Dortmund, Munich and Ludwigshafen. Helmut Kohl's birthplace in the Palatinate.

However, the Schmidt Government, anxious about the involvement of private business in broadcasting, held up the Post Minister's proposal for laying the network.

Though the new government is interested in the boost cable TV will give to industry (and the revolution on offer to banking and insurance services), broadcasting remains a highly sensitive area.

The Ludwigshafen project, the most advanced, will offer cable connections to 40,000 households at first.

Soares the stylist widens his repertoire

BY DIANA SMITH IN LISBON

DURING the Portuguese general election campaign of April 1975, Mario Soares stood chatting to bystanders in the main square of a small northern town. A British television crew following the Portuguese Socialist leader's tour of the rural North grumbled at the fading light: it was sunset, and darkness had begun to creep over the neat buildings of Santo Tirso.

At that moment, Sr Soares moved his face into the one remaining, golden beam of fading sunlight that shimmered across the square, treating onlookers and hardened TV professionals to the impressive sight of a witty politician instinctively finding the last ray of light that made his face not only stand out from, but dominated the shadowy crowd around him.

Eight years later, Portugal's shaky economy has compelled Sr Soares, the consummate political stylist, to add content to his flair for the limelight, and risk his own and his moderate Socialist Party's image on a bid for victory in an election where matters of finance, national debt, future and present poverty took precedence over the nuances of corridor politics so dear to the hearts of Portuguese politicians.

Sr Soares used to be so impatient with economic affairs that he would fidget when journalists brought up the subject.

But that was in the days when the sheer weight of his courageous



Sr Mario Soares once more in the limelight: "100 measures in 100 days"

personality and his ferocious skills as a parliamentary debater who could filibuster the most logocuous opponent into stunned silence, miraculously kept his minority Socialist government in power for a year and a half before it succumbed in late 1977 to parliamentary defeat.

Nowadays, Sr Soares is a re-

formed character; he talks balance of payments deficits, monetary controls and risk investment with as much aplomb as a new graduate in economics.

Sr Soares has always been at his most resourceful when backed into a corner; he thrives on opposition and challenge.

It is the first time that M Mitterrand has publicly commented on the austerity measures. By not going into details he left himself a large margin of manoeuvre should adjustments to policy be necessary to secure a more rapid reduction of the trade deficit.

The government has already admitted that it will not meet its targets of reducing the trade deficit to FF 45bn (£4bn) by the end of the year and bringing inflation down to 8 per cent.

M Mitterrand used his tour, which took in Calais, Dunkerque, Lille and Boulogne, to launch an appeal for effort and sacrifice in support of the policies.

So closely with the policies formulated largely by Jacques Delors, the Finance Minister, the risk that M Mitterrand takes is that he would be held to blame should they fail.

Yesterday, the Ten were set to answer Spain's plea for a five-year transition period before the elimination of general quota restrictions with a proposal for three years and only two years for quotas on tractors and colour television sets.

In the event, the EEC line was softened and agreement reached on a general four-year period for phasing out all quantitative restrictions on EEC-Spain trade, beginning with a 40 per cent rise in all quotas in the first year of Spanish membership.

Tractors and TV sets will be subject to a three-year period.

Mr George Shultz, the U.S. Secretary of State, is to meet the West German, Danish and Greek Foreign Ministers in Paris on May 8 for talks on the future of the East-West Conference on Security and Co-operation in Europe in Madrid.

Herr Hans-Dietrich Genscher, the West German Foreign Minister and President of the EEC Council of Ministers, is seeking the meeting on the eve of the OECD ministerial conference in Paris to urge Mr Shultz not to abandon efforts to reach agreement at the Madrid talks.

Mr Olof Palme, the Swedish Prime Minister, termed the intrusions "grave and deliberate violations".

The diplomatic note warned of unspecified consequences of further intrusions, and drew attention to planned strengthening of Swedish coastal defence forces.

Mr Palme reiterated an earlier warning that his chief of staff could order the sinking of an intruding vessel without warning.

Swedes warn Moscow on submarines

By David Brown in Stockholm

SWEDEN summoned the Soviet ambassador in Stockholm to its Foreign Ministry yesterday to deliver a sharply worded diplomatic protest against "repeated penetrations" of its territorial waters by Soviet submarines.

The protest followed release of a 90-page report by a special commission looking into a three-week incident last October when Swedish forces reportedly trapped a submarine in a southern bay of the Stockholm archipelago. The report said three submarines had penetrated to within a mile of Muskö naval base, and three others were inside Swedish waters at the time.

Despite the use of depth charges and mines no submarine was forced to surface in the restricted military waters. The report concluded that the submarines involved were Soviet, and the incident formed part of an "increasingly provocative" series of territorial incursions. This could only have been carried out with "prior knowledge" of the political leadership, the report said.

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Mitterrand supports austerity measures

BY DAVID HOUSEGO IN PARIS

PRESIDENT Francois Mitterrand has for the first time thrown the full weight of the Presidency behind the austerity measures announced by the French Government last month.

The move, made during a two-day tour of the industrial belt of the Nord and the Pas de Calais, is intended to silence speculation that the package does not have the backing of the whole cabinet. It comes shortly after outspoken criticism of the deflationary aspects of the plan from prominent members of the Socialist Party and the Communists.

Speaking at Lille as the guest of M Pierre Mauroy, the Prime Minister, who is also the town's

mayor, the President said that he took full responsibility "for all the actions carried out under his authority" and described the measures, as paving the way for a national recovery. In associating himself

with the policies formulated largely by Jacques Delors, the Finance Minister, the risk that M Mitterrand takes is that he would be held to blame should they fail.

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EEC and Spain agree on Customs Union

BY JOHN WYLES IN BRUSSELS

SPAIN'S tortuous membership negotiations with the European Community crawled past a milestone yesterday with completion of an agreement on how to slot Spain into the EEC Customs Union.

But the road ahead is a long one for Madrid, despite four years of negotiations. According to Sr Fernando Moran, the Spanish Foreign Minister, yesterday's settlement means only that 15 per cent of the negotiating task has yet been completed.

The Customs Union now joins negotiations into low gear while they attempt to reform their Mediterranean agricultural policies and settle a system for increasing the Community's budget revenues.

In most cases, the agreements specify a timetable for Spain to apply EEC rules progressively after it joins the Community.

However, the date for Spanish and Portuguese accession to the EEC is still a conjecture. The beginning of 1985 is the earliest which is both practical and politically feasible, but many observers believe that enlargement of the EEC will, in fact, be a year later.

The delay is almost entirely the fault of the 10 existing members which have put the negotiations into low gear while they attempt to reform their Mediterranean agricultural policies and settle a system for increasing the Community's budget revenues.

At present, there are two national channels, each of which provides programmes by a number of broadcasting companies. These two channels show a number of British and American programmes, such as Dallas and Not the Nine O'Clock News, with subtitles. Most of Dutch television is serious, almost solemn, however, with discussion programmes and documentaries the staple diet.

On cable television, which now covers some 65 per cent of

homes in the country, viewers can watch—depending on where they live—Belgian, West German, French and British television, and it is clear that a large number of Dutch people tune in on a fairly regular basis.

Even so, it is reckoned that the Dutch stations still cater for around 75 per cent of the viewing population at any one time, so that cable has much more the status of a luxury or a way of improving picture quality.

Cable is organised by the telecommunications Ministry through the independent authority Casema. Some cities such as Amsterdam, have their own licensed companies but all are subject to Casema rules and all are prevented by statute from transmitting their own programmes. Casema is non-profit-making and exists to install and maintain the system.

The first Dutch TV cables

were laid in 1968 on the old, co-axial system. All cities and towns are now cabled, and only rural viewers have to depend on the uncertain picture quality offered by aerial reception. In some cities aerials have been banned as an eyesore.

At least 70 per cent of homes in a district must want cable before it is laid because of the cost, but only a very few city centre and industrial areas remain uncabled.

Dutch cable permits about 12 stations to be broadcast into a customer's home. One, a more up-to-date version, run by the Delta Cable Company in the South West province of Zeeland, can transmit 90 stations, and its chairman is threatening to bring in programmes from Luxembourg via Belgium as a challenge to the restrictions imposed by the state.

Mr Brinkman has talked about

a possible third Dutch channel to relay a selection of other European broadcasts transmitted by the soon-to-be-launched European communications satellite. He has made it clear, however, that no foreign advertising can be beamed in and has imposed other restrictions. His proposed other views are being actively opposed by the more popular-orientated existing television companies, which want to see channels proliferating in a less-regulated environment.

Most viewers are also thought to be keen for expansion of the cable system and its linkage to satellites.

So far it is impossible to know whether the conservatives or the liberals will triumph. Mr Brinkman may make some concessions to the deregulation lobby, but it is thought unlikely he will open the way to free broadcasting without a great deal more debate.

Before the UK White Paper, FT writers look at the position in Europe Dutch cable expansion dogged by political feud

BY WALTER ELLIS IN AMSTERDAM

A SURPRISINGLY vicious political feud between conservatives and liberals has broken out in the Netherlands over the future of its cable television system, one of the longest-established in Europe.

Mr Selco Brinkman, the Minister of Culture, and his conservative colleagues in the Christian Democrat Party, who make up a majority of the Centre Right coalition, believe that the Dutch viewing public should be protected against unregulated intrusions by foreign television stations.

Some liberal members of the coalition believe, however, that it is impossible to stand against the forces of technology developing within the European television industry. The liberals and many others outside Parliament consider that Dutch broadcasting is bound to become less restricted and that preparations should be made for the inevitable widening of the scope of broadcasting.

Mr Brinkman is at present preparing a White Paper on the media, covering all aspects of the future of broadcasting and the Press. Central to his proposals, which have been widely leaked in their draft versions, is a conviction that the Dutch must remain true to their aim of providing education, culture and social debate on television.

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BIS drafts revised banking concordat

By Walter Ellis in Amsterdam

A CLEAR division of the responsibilities of central banks in relation to solvency and liquidity is to be set out in a revised Basic Concordat on banking supervision—being drafted by the Bank for International Settlements (BIS).

The document is expected to be published later this year.

Mr H. J. Muller, a senior director of the Nederlandsche Bank, the Dutch central bank, who has been involved in the preparation, said that where a question of solvency arose, effective banking supervision would be the responsibility of the central bank of the parent bank.

Where it was a question of liquidity, the central bank of the host country would take charge. In both cases, however, it was purely supervisory control that was involved. "It is not a matter of giving liquidity guarantees, nor a question of lending of last resort."

The distinction has been drawn. It is understood, however, that liquidity involves cash and easily realisable assets, solvency brings in the whole range of a bank's assets—something which, in the long run, can only be sorted out within the country of the parent bank.

The Dutch central bank has sought to exercise its supervisory responsibilities on this basis for some time and is pleased that the new concordat also favours treating the supervisory control of banks as a group.

Mr Jelle Zijlstra, former president of the bank, had preached the doctrine of consolidation for years as head of the BIS, and his successor, Mr Wim van den Brink, is similarly convinced.

The original Basic Concordat dates from 1975. It has had to be revised principally because of the implications for central banks of last year's controversy involving the collapse of the subsidiary of the Milan-based Banco Ambrosiano, which has allowed to default on loans made to it by several international banks.

Support for Papandreou on U.S. bases

By Victor Walker in Athens

ANDREAS PAPANDREOU, the Greek Socialist Premier, was assured yesterday of some opposition support in his dispute with Washington over U.S. military bases in his country, but also faced demands for a parliamentary debate.

The military bases question assumed crisis proportions with an unscheduled television broadcast on Monday in which Dr Papandreou announced that he was virtually an ultimatum on the White House.

Unless Mr Reginald Bartholomew, the U.S. State Department negotiator, returned to Athens in mid-May with satisfactory answers on two basic points, continuation of the negotiations would have "no meaning," the Premier said.

These were acceptance of the timetable of definite dates on which the bases would close, and a contractual commitment by the U.S. to ensure a balanced balance of military power in the Aegean between Greece and Turkey.

Dr Papandreou said the two demands were included in a written statement handed to Mr Bartholomew at Monday's final session of the talks, before the Greek Orthodox Easter.

At the same time, it was announced in Washington that Mr Richard Burt, U.S. Assistant Secretary of State for European Affairs, had announced his visit to Athens, which he was due to arrive in from Ankara.

The move followed cancellation of his planned meeting with Dr Papandreou and other government officials in protest against reported statements by Mr Burt to Turkish leaders expressing opposition to maintenance of the seven-to-ten ratio, observed to be in the granting of U.S. military bases in Greece and Turkey respectively.

Mr Evangelos Averoff, the opposition leader and chairman of the conservative New Democracy Party indicated after the Premier's broadcast that

OVERSEAS NEWS

Shultz to start talks in Jerusalem after long Cairo session

BY CHARLES RICHARDS IN CAIRO AND DAVID LENNIN IN TEL AVIV

MR GEORGE SHULTZ, the U.S. Secretary of State, arrives in Jerusalem today from Cairo, where he had talks with Egyptian leaders at the start of his Middle East tour, his first since taking office.

Mr Shultz said the main message he received from his talks with President Hosni Mubarak was the urgent need to arrive at a solution to the problem of Lebanon and the importance of removing all foreign forces from Lebanon.

Mr Mubarak said they had long discussions on bilateral relations "which we consider very good" as well as Middle East issues. "We hope Mr Shultz's trip will achieve something beneficial to the whole region," he said.

The talks, scheduled to last just over an hour, went on for four, prompting speculation about major disagreements. Mr Mubarak is likely to have expressed displeasure at a congressional recommendation that Egypt's allocations of \$350m a year in concessional wheat sales be cut.

Mr Mubarak is also likely to have expressed his disappointment with the apparent hardening of the Lebanese position in the past few days. The American diplomats will meet Mr Menachem Begin, the Prime Minister, at least twice as well as the Israeli Foreign and Defence Ministers and other officials.

Israel and Lebanese officials have drawn up a checklist of the points of agreement and disagreement between the two sides over Israel's terms for the withdrawal of its forces which invaded Lebanon last June.

According to the officials in Jerusalem, agreement in principle has been reached over the integration of the forces of Major Sa'ad Haddad into the Lebanese army units in the south and also of joint patrols in Southern Lebanon of Israeli and Lebanese forces.

Israel protests over Pym

MR PATRICK MOBERLY, the British Ambassador in Tel Aviv, was called into the Foreign Ministry in Jerusalem yesterday to hear an Israeli protest over recent British diplomatic steps in the Middle East, David Lennon reports from Tel Aviv.

A recent statement by Mr Francis Pym, the Foreign Secretary "directly or indirectly implied Israel's responsibility for the stalemate in the peace efforts in the Middle East," Mr Yohanan Meroz, head of the

European Desk at the Foreign Ministry, complained.

The official said that Israel totally rejects these accusations and sees them as an encouragement to the rejectionist camp.

Mr Moberly replied that in his view Mr Pym's speech was a sober and balanced account of how the situation in the Middle East looked from London. He also pointed out that it contained some home truths for both sides.

Michael Holman, recently in Dar es Salaam, finds that President Nyerere's socialism is under strong attack Tanzania and the bumblebee: differences grow wider

"TANZANIA," said the depressed aid official, "is the economic equivalent of the aerodynamics of the bumblebee. In theory, the bumblebee shouldn't be able to fly, and Tanzania shouldn't be able to keep going."

In fact, the strain of the country's crippling economic crisis, partly self-created, partly the result of external factors, is increasingly apparent. A single issue of the Daily News newspaper last week carried some of the evidence: travellers stranded in the northern town of Mbeya because buses without tyres; production at the Mtibwa sugar factory in Morogoro adversely affected by poor roads, which hold up supplies; the tobacco crop at Iringa in danger of rotting because no gunny sacks have been received for packing.

Every day the paper also carries the latest account of the countrywide campaign against hoarders, black marketers and illegal currency dealers. More than 1,000 have been arrested since President Julius Nyerere announced a crackdown in March, but most observers believe the campaign is dealing with the symptoms and not the disease.

It has brought a few more goods onto the sparsely stocked shelves, but the impact is likely to be short-lived. The country's industrial sector is running at only between 15 and 30 per cent of capacity and cannot meet

demand. Industry is plagued by a shortage of spare parts and raw materials, caused by the dearth of foreign exchange which has followed a decade of declining agricultural exports, aggravated by a rising fuel bill, and the impact of the international recession.

Far more important than the anti-hoarding campaign is an intense, though often behind-the-scenes debate about how Tanzania can reverse the agricultural decline and emerge from its most severe economic crisis since independence, while keeping its socialist principles intact.

The Government has produced a structural adjustment programme published in mid-1982, and a White Paper on agricultural reform this month. A recent unpublished World Bank report on the sector amounts, however, to an indictment of President Nyerere's record.

The adjustment programme and the White Paper acknowledge many of the problems but suggest modest reforms which leave the socialist structure intact—far short, it would seem, of the Bank's expectations.

At the same time, Tanzania has resumed its often acrimonious negotiations with the International Monetary Fund (IMF) for at least \$250m over three years, part of an attempt to raise \$350m to \$400m emergency aid annually for at least three, and preferably five, years.

The World Bank, the country's largest single donor, is unlikely to respond without an IMF agreement, but that seems as far away as ever, with the Fund's demand for a massive devaluation proving a major stumbling block. Tanzania's plans to reschedule its external debt of more than \$2bn also hinge on the outcome of the IMF negotiations.

The urgency of the need for agreement has been underlined by growing signs of domestic discontent. The abortive coup plot early in the year, involving middle-ranking officers, an official at State House, and a number of civilians was the clearest indication to date.

Most observers agree there was no major conspiracy, and only 29 people are facing charges. "It posed no real threat," said one diplomat, "but it has made people talk about what had hitherto been unthinkable."

The speculation is fuelled by an economic crisis, which, in Mr Nyerere's own words, has left most of Tanzania's 18m people worse off today than they were a decade ago. Foreign exchange reserves are effectively exhausted and trade arrears of over \$250m stretch back some three years. The crisis has come about despite aid which has increased from \$121m in 1973 to \$440m in 1979-80, over 70 per cent in the form of grants, amounting to \$25 per head of population.

Much of the money went into social services which cannot now be maintained. One estimate suggests that, although 20 to 30 per cent of the country's 8,300 registered villages have access to clean water, less than half those water systems work because of lack of fuel, parts and repair facilities.

Basic drugs and antibiotics are not available in regional or district centres, let alone rural outposts. The road system is deteriorating because of inadequate funds. For example, nearly 300 miles of new feeder roads in Geita and Mara regions have already become impassable because of lack of maintenance, one donor report says.

It is a characteristic of Mr Nyerere that his own appraisal of his country's performance since independence in 1961, delivered in a witty, often self-deprecating style that disarms critics, is tough. Yet he retains an iron determination to pursue his socialist policies and, although he is prepared to modify some of the institutions, his commitment remains unchanged. Criticism beyond the limits he has established is not welcome.

The World Bank report on agriculture—the sector which provides 90 per cent of the population with a livelihood, and contributes 80 per cent of export earnings—is a case in point. It argues that the deterior-

ation in the sector is so serious that "a few minor measures are unlikely to make a significant difference."

The volume of export crops (cassia nuts, coffee, tea, sisal, cotton and pyrethrum) are the six most important, declined over 40 per cent since 1971-72, losing the country some \$900m in potential earnings to the end of the decade, it says. Although bad weather and low world prices have played their part, the report lists a series of other factors over which the Government has control and responsibility.

The state-owned bodies which dominate the sector, including the marketing and purchasing of crops, come in for harsh criticism. "Both the quality and efficiency of service have now become the major bottleneck to maintaining or increasing agricultural production," it says.

The report also attacks the compulsory regrouping of peasants into villages in the mid-1970s. "It has worsened, rather than improved, the conditions of many of the country's farmers," says the report.

Whether Government reforms will put matters right is debatable. The marketing and input system has been modified, private farms encouraged, the foreign exchange allocation streamlined, and 35-year leaseholds introduced, among other measures. But the heavy—and hitherto unsuccessful—hand of



President Nyerere... only self-criticism allowed.

Government remains firmly in place.

In the past, President Nyerere, like the bumblebee, has managed the seemingly impossible—stretching Tanzania's resources to the limit, putting his country's case for more and more aid, and maintaining his search for an egalitarian society. Now he faces a severe test, for his policies are coming under increasingly sceptical scrutiny from both Left-wing and Conservative stances. However fine in principle, the conclusion is that in practice, Mr Nyerere's socialist model does not work.

Prem decides to quit politics

BY RICHARD COWFER IN BANGKOK

GENERAL PREM TINSULANONDA, Thailand's Prime Minister, threw the country's political establishment into confusion yesterday when he announced that he was quitting politics and would not be prepared to serve another term in office.

His prospective withdrawal from public life seems likely to lead to a period of uncertainty and divisiveness following the indecisive outcome of last week's general election.

The 62-year-old former army commander, who came to power in early 1980, was widely regarded as the only candidate acceptable both to the military establishment and to civilian politicians.

Gen Arthit Kamlang-Ek, the powerful commander of the army, together with the heads

of the country's three leading political parties—the Social Action Party, the Chart Thai Party and the Democrat Party—all declared themselves in favour of Gen Prem as the next Prime Minister.

Gen Prem's announcement came as it looked increasingly likely that a potentially weak and unstable right-wing coalition backed by the army and led by Chart Thai would form Thailand's next government.

Many believe such a coalition would be incapable of preventing the army from undermining or overturning constitutional measures which came into effect last week. These effectively returned the country to full democracy and deprived the army of its former stranglehold on political power.

Gen Prem refused to give any reasons for his decision, but last week he indicated he was not prepared to lead a government which did not include the Social Action Party of former Premier Mr Kukrit Pramoj, which fought hard to defeat the army's attempt to amend the constitution in its favour.

The party went on to win the most seats in the election, but not a simple majority.

Mr Kukrit has since made it clear that his party was not prepared to play second fiddle in a right-wing coalition, nor would it go along with any party pledged to amend the Constitution.

Some Thai analysts believe Gen Prem's announcement may be a move to throw his weight behind the Centrist parties in the wrangling over a new government.

May budget for Australia

By Michael Thompson-Moel in Sydney

AUSTRALIA'S Labor Government is to introduce a mid-budget next month incorporating a boost for housing and other specific job creation measures in line with its general election campaign promises.

Mr Bob Hawke, the Prime Minister, said in Adelaide yesterday that measures to be announced in May would "have the effect of moving the economy forward more rapidly" and producing a "significant reduction in inflation."

He also said he had written to Australia's 200 biggest companies, urging them to hold down dividends and other non-wage increases, in line with the current national wages pause.

IMF adopts tough line over Sri Lanka loan bid

BY ALAIN CASE, ASIA EDITOR

SRI LANKA is facing unexpected resistance from the IMF over its request for a \$200m standby to bridge a severe balance of payments gap.

Senior Sri Lankan officials, disappointed at the Fund's lack of response to recent austerity measures, are to have talks in Washington this week in a bid to conclude a deal swiftly.

The Fund is understood to want a devaluation of the rupee, which now stands at 23 to the U.S. dollar. It is also worried at the recent rate of increase in wage levels, and wants to see more pruning of public expenditure.

Agreement to the standby facility is seen as crucial by Sri Lanka. In effect it puts a stamp

of approval on the country's economic policies and paves the way for further loans from the World Bank, other multilateral institutions as well as private banks.

Mr Ronnie de Mel, the country's Finance Minister, who will lead the talks in Washington, outlined further cuts in his April budget speech including reduced subsidies, a freeze on all new projects and tighter monetary and fiscal policies.

Sri Lanka faces a payments deficit of \$1.5bn this year. There is concern that if the Fund demands further restrictive measures, Sri Lanka may have to reverse some of the liberalisation measures introduced in 1977.

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AMERICAN NEWS

Volcker backs 'non-bank' merger plan

By William Hall in New York

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve yesterday urged Congress to impose a temporary ban on mergers between "non-banks" and other deposit-taking and financial services institutions.

A "non-bank" is one that has divested itself of commercial lending functions and no longer considers itself a bank under the bank holding company Act.

There has been increasing concern in Washington in recent months at the speed with which "non-banks" have been moving into the financial services industry, often taking over commercial banks and savings banks.

For example, earlier this month Prudential Insurance, one of America's biggest insurance corporations and a "non-bank" bought a small Atlanta bank.

Mr Donald Regan, Treasury Secretary, has said U.S. regulators will deny all new applications from companies outside the banking industry to establish or buy so-called "non-banks".

In testimony to the Senate Banking Committee yesterday, Mr Volcker said he welcomed the recent moratorium announced by the Comptroller of the Currency on the chartering of so-called "non-banks". He believed this was necessary to give Congress time to consider the underlying issues raised by these acquisitions.

Bid to correct satellite orbit

By William Hall in New York

THE U.S. National Aeronautics and Space Administration (Nasa) hopes to begin moving the world's biggest and most expensive communications satellite into its correct orbit early next week.

The \$100m tracking and data relay satellite which was launched on space shuttle Challenger's first mission three weeks ago, is marooned in space several thousand miles from its correct orbit after a special rocket misfired.

Hugh O'Shaughnessy in San Salvador reports on prospects for an end to the killing
Salvadoreans hold breath and hope for peace

THERE CAN be no doubt that Mr Arturo Rivera y Damas, Archbishop of San Salvador, voicing the opinion of the majority of the 5m Salvadoreans on Sunday when he called for an end to violence in the country.

His appeal came as Salvadoreans sensed that their future was about to be decided—whether the few faint hopes of peace would grow into something stronger or whether U.S. determination to stamp out Leftwing anti-government forces would bring about a continuation of the killing.

Despite widespread belief to the contrary, the door to a negotiated peace between the U.S.-supported Government of President Alvaro Magana and the five guerrilla organisations which make up the insurgent FMLN (Farabundo Martí Front for National Liberation) is not closed. The offer of unconditional negotiations made by the guerrillas and the FDR (Revolutionary Democratic Front), their civilian political arm, on October 5 still stands.

It was denounced and rejected at the time by the extreme Right Arena Party and its leader, Major Roberto d'Aubuisson and by the Alianza Productiva, a grouping of the most important Salvadorean businessmen and landowners.

President Magana and the then Minister of Defence, General Guillermo Garcia and more moderate politicians in the constitutional assembly refused to condemn it, however many politicians, the Catholic church and parts of the deeply-divided armed forces do view a negotiated end to the fighting. So it



Government soldiers patrol the Pan American highway across the country after bridges were bombed by the guerrillas.

seems, do many senior U.S. State Department officials; the U.S. embassy here has made no secret of its dislike of Maj d'Aubuisson and his allies.

Hardliners, including Major d'Aubuisson, have however been taking strength from the speeches and actions of some of President Ronald Reagan's most conservative advisers. They hope that an increased war effort backed by U.S. money and weapons will turn the military tide which today is running in favour of the insurgents.

The extreme Right has been encouraged by Mr Reagan's call for an extra \$60m in military aid to the Magana Government and are this week organising a letter campaign on the eve of Mr Reagan's address to the joint session of Congress.

In such a highly fluid political situation, the interplay of personalities has had repercussions of enormous importance. After a long struggle with Maj d'Aubuisson and his allies and two mutinies by senior officers this year, Gen Garcia, President Magana's principal military ally, was last week forced out of office.

Gen Garcia was a less-than-successful commander, but a man of some political subtlety who accepted Washington's view that there could be no victory against the guerrillas which did not have some political basis.

His replacement by Gen Carlos Eugenio Vides Casanova may give new life to Maj d'Aubuisson's extremist ideas and diminish the prospects for a negotiated settlement.

On the insurgents' side, the mysterious deaths in Managua, capital of neighbouring Nicaragua, of the two top leaders of the FPL guerrilla group, the strongest component in the FMLN front, have added new uncertainty. At the beginning of the month Commander Anna Maria, the second-in-command of FPL, was murdered in a particularly brutal fashion at her organisation's headquarters.

A few days later, according to statements last week by the FPL and the Nicaraguan Interior Ministry, the FPL commander-in-chief, Sr Salvador Cayetano Carpio, took his own life when he realised that Anna Maria had been killed by senior FPL commanders who had

fallen out with her over ideology.

Whatever the truth, it is clear that the internal policies of the FPL are in chaos. Reports suggest that the FPL leadership is bitterly divided over the question of negotiations to halt the war.

In the absence of talks the fighting, death and destruction continues; about 15 guerrilla operations are reported in El Salvador every day. Mr Rivera said on Sunday that his legal aid office has listed 156 violent deaths in one week this month.

The death toll in the past three years comes to more than 40,000, most of whom, according to Mr Deane Hinton, the U.S. Ambassador, are the victims of assassination rather than fighting. Most assassinations, according to the church's legal aid office, have been caused by Government forces or death squads.

Despite cosmetic measures taken by the Government, such as the establishment of a human rights commission, most assassinations are never investigated and those responsible are only very rarely identified or punished.

The guerrillas have recently pushed the battle into the economic arena, causing more economic destruction last month than in any other month in the past. Factories, farms and electricity plants have been blown up at a dizzy rate.

Cross National Products, after contractions of 1.5 per cent in 1979, 30 per cent in 1980 and 20 per cent in 1981 fell by 15 per cent last year, according to the Chamber of Commerce

Sandinistas 'facing new attacks from South and North'

BY TIM COONE IN MANAGUA

A NEW FRONT in the guerrilla war against the left-wing Sandinista Government in Nicaragua is to be opened shortly, according to the head of the governing junta Commander Daniel Ortega.

He claimed late on Monday evening there was conclusive evidence that between 500 and 700 men were being prepared to launch new attacks across the southern frontier from Costa Rica.

Commander Ortega also said that a further 3,500 counter-revolutionaries were regrouping in Honduras and preparing to launch a new offensive into Nicaragua in the coming days - 2,500 into the northern department of Nuevo Segovia, and 1,000 into the Atlantic coast province of Zelaya Norte.

Sr Eden Pastore, the former Deputy Defence Minister who broke openly with the Sandinista leadership last year and subsequently based himself in Costa Rica, has been threatening to lead an insurrection for several months.

In the past few days he has been calling on members of the Nicaraguan armed forces and militias, over his clandestine radio station "the voice of Sandino," to rebel against the Government on May 1.

Another anti-Government guerrilla organisation, the UDN-FARN, recently told the Financial Times that it had been infiltrating its troops into Nicaragua from Costa Rica for the past eight months.

Although there had been considerable speculation over the possibility of guerrillas opening a second front from the South, no operations had been reported and Commander Ortega's statement took pains to avoid conflict with the Costa Rican Government.

"We know that the situation (in Costa Rica) has been encouraged and backed by the American Administration without the knowledge of the Costa Rican Government and without the consent of President Luis Alberto Monge," he said.

He added that there had been 11 air space violations of his country by U.S. spy planes in the past month.

The Nicaraguan leader has claimed that intelligence information from these flights has been passed directly to the right-wing guerrillas.

He added that in recent weeks there has been a rapid increase of military transport flights to Honduras from U.S. bases in Panama, and warned of the "dangerous escalation of the military situation in the region."

Spain has approved three new credit lines to Nicaragua, worth a total of \$56m. The credits will be used to buy machinery, spare parts and other products and will attract an interest rate of 10 per cent.

Spain has recently delivered two Casa Avioacar STOL transport aircraft to Nicaragua, valued at \$3m to improve its domestic air services.

Feldstein urges curbs on budget deficits

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE RECOVERY of the U.S. economy would be "lopsided" unless early action was taken to curb the federal budget deficits for 1984 and 1985, Dr Martin Feldstein, chairman of the President's Council of Economic Advisers, said in London yesterday.

Dr Feldstein, who was on his way to deliver a lecture in Paris, said the prospect was that interest rates and one dollar exchange rate would remain too high, until the prospective deficits were curbed, high interest

rates would distort the pattern of recovery now taking place.

The main emphasis of recovery so far in the U.S. was the increase in consumer spending, but it had not extended to goods which were sensitive to interest rates, including investment in plant and equipment.

Dr Feldstein said he hoped that Congress would agree to the Administration's proposals for reducing the expected budget deficits in 1984 and 1985 by a balance of in-

creased taxation and reduced spending. There was a risk, however, that Congress would postpone the tough decisions for 1985 until after the presidential election.

However, if no action was taken, the budget deficit would remain at about 6 per cent of total output as far as could be foreseen—that is, up to 1988.

Dr Feldstein said he was not sympathetic with those who have been arguing for increased government

intervention in the foreign exchange markets to stabilise exchange rates.

The fundamental reason for the strength of the dollar was that the prospect of high budget deficits was pushing up U.S. real interest rates.

He said the U.S. had not changed its basic position that intervention in the exchange markets should be reserved to curb disorderly fluctuations rather than being used to try to influence a trend.

U.S. under fire from Salvador Right

BY HUGH O'SHAUGHNESSY IN SAN SALVADOR

U.S. ATTEMPTS to control events in El Salvador are coming under increasing fire from right-wing nationalists whose influence here is growing. On the eve of President Ronald Reagan's address to a joint session of Congress in Washington on Central American policy, the conservative San Salvador daily La Prensa Grafica yesterday carried a long editorial praising the constant assembly for its recent declaration that foreign interference was intolerable.

The newspaper commented: "There is no argument which justifies any aid—economic, military or technological—being turned into an instrument of penetration to annul or change the nature of the concept of self-determination."

The newspaper last week had criticised the Government of President Alvaro Magana for tolerating disrespect from visiting U.S. Congressmen.

Right-wing nationalist sentiment has also been manifested in the formation of a group calling itself MS 28 Marzo (the March 28 Salvador Movement), which has reproved the right-wing extremist Major Roberto

d'Aubuisson speaker of the constitutional assembly, for his supposed weakness in defending Salvadorean nationalist opinion. Hitherto, Major d'Aubuisson has been regarded as having views as far to the right as it was possible to have them.

The new right-wing ultra-nationalism is supported by many senior business figures and by exiles in Miami. The movement is reminiscent of attitudes struck by successive military dictatorships in Guatemala which rejected President Jimmy Carter's pleas to respect human rights.

WORLD TRADE NEWS

Bernard Simon in Johannesburg reports on a different kind of trade dispute

Fierce debate about traffic in wildlife



Mr Peter Rees: the host to the meeting.

Britain to host pre-Unctad meeting

By Frank Gray

SENIOR officials from more than 25 governments and international trade bodies will meet this weekend at Leeds Castle, Kent, to familiarise themselves with issues to be discussed at the quadripartite Unctad VI conference, being held in June in Belgrade.

The gathering is not being organised to formulate any conclusions or policies on the world trading system, the British Trade Department said yesterday. Rather it is hoped that the informality of the meeting will help pave the way to a more successful discussion of major trade issues and a smoother understanding of these issues by officials meeting in Belgrade.

The meeting, which will start on Saturday and end on Monday, is being hosted by Mr Peter Rees, the Trade Minister.

Among participants are Mr Gamani Corea, the head of the Geneva-based Unctad; Mr Shridath Ramphal, the Commonwealth Secretary General; and Mr David Finch, a director of the International Monetary Fund.

Because the North-South dialogue, and a recommendation by Unctad to channel \$90bn in aid to the Third World in order to turn their economies round in 1984-85, the Leeds Castle gathering will also bring together trade ministers from a cross-section of rich and developing countries.

TOUGH-MINDED business lobbyists and equally determined environmentalists have spent the last 11 days glaring at each other across the swimming pool of the Holiday Inn in Gaborone, Botswana.

When they have exchanged words it has been to argue about the rights and wrongs of the growing international trade in wild animals, reptiles, birds and plants, the subject of the biennial meeting of 81 signatories to the 1976 Convention on International Trade in Endangered Species (Cites). The conference ends this weekend.

No accurate estimate is available of traffic in wild fauna and flora, but Cites claims it exceeds the value of the illicit narcotics trade.

Legal shipments in and out of the U.S. by far the biggest market for furs, skins, horns and exotic plants (and also a sizeable exporter), are estimated

to be worth \$100m a year. Some 25,000 consignments of wildlife products pass through New York each year.

Cites aims to regulate this trade in an effort to curb traffic in species threatened with extinction. Its members agree, in an appendix to the Convention, to ban trade in trophy hunting—have proposed controlled trade in certain species of leopard. Kenya banned leopard hunting six years ago, but the animals have apparently multiplied to the point where some farmers regard them as a nuisance.

On the other hand, there are proposals that trade in whales and hair seals among others, be more strictly controlled.

A large contingent of environmentalists has pounced on almost any suggestion that trade in wildlife be liberalised. According to one Government

delegate, "There is an emotive pressure to go a little beyond conservation and to protect instead of conserve."

Britain's policy, according to its chief delegate Mr John Goldsmith, a Department of Environment official, is to allow "maximum opportunity for developing countries to trade without killing the goose that lays the golden egg." The UK requires import permits on a wider range of species than those listed by Cites. It issues about 16,000 licences a year.

The British delegation has spent a good deal of time in Gaborone lobbying on behalf of the Cayman Islands for free trade in the Cayman turtle, one of the islands' biggest export earners. A U.S. ban on imports and trans-shipment of turtle products has virtually killed the local industry which for the past 20 years has bred turtles

in captivity for use in soup, jewellery, cosmetics and leather products.

The credibility of the convention is undermined by the difficulty of enforcing its provisions.

Catching traders in endangered species is often almost impossible. The borders of countries where many of these animals and birds originate are badly patrolled, and forged documents are a way of life.

Cites' enforcement efforts are concentrated on traders, mostly in the U.S., Europe and the Far East, rather than on those who kill the animals. Dr Moshe Teller, UNV environmental programme director, noted that "the small-time poacher, who is invariably paid a pittance and thinking mostly of a hungry family, is as much the victim as the animal he kills."

Decline in machine tool orders worries Italians

BY JAMES BUXTON IN ROME

ITALIAN machine tool manufacturers suffered a 15 per cent fall in the real value of their exports in 1982. And while France continues to be their biggest foreign market, they are increasingly worried about what they claim to be French protectionism.

Total Italian machine tools exports in 1982 amounted to L865bn (£380m), according to UCIUM, the manufacturers' association. This compared with exports of L940bn in 1981. The small drop in the money value of the exports is accounted for by the high Italian inflation rate.

Even so Italy maintained a healthy trade surplus in machine tools, importing only L282bn worth and widening the trade surplus by a modest

L20bn in money terms to L885bn. Total deliveries by the industry amounted to L1540bn, a decline of 20 per cent in real terms.

According to UCIUM's director, Sig Piero Ruffini, internal demand for machine tools fell by 10 per cent last year, on top of a fall of 37 per cent in 1981. The third quarter of the year was especially difficult. Orders in the first quarter of 1983 were down by 33 per cent from the domestic market and 27 per cent from abroad in real terms.

Reuter adds from Washington: U.S. machine tool orders rose to \$125.6m in March, up 23.8 per cent from a revised \$97.5m in February, the National Machine Tool Builders Association said. The Association originally reported February orders at \$98m.

Italians to build turbines

BY OUR FOREIGN STAFF

TURBOTECNICA, a subsidiary of Nuovo Pignone of the Italian state-owned ENI group, has won two contracts worth a total of L15bn (£10m) for the supply of gas turbines to Nigeria and India.

One order is for a power station at Obiafu Obirikun in Nigeria. Two similar units were ordered by the Nigerian Oil Company in 1981.

France to lift VCR import curbs in May

FRANCE will lift its strict import restrictions on records of video cassette recorders (VCRs) in May, an action that should permit VCR imports to reach 400,000 units in 1983, the Foreign Trade Ministry said in Paris yesterday.

The move follows Monday's VCR technology production accord between Thomson-Branco of France and JVC of Japan.

No date has yet been set for lifting the measures which reduced VCR imports, mostly from Japan, to a trickle by forcing them to pass through an inland customs post at Poitiers. But a spokesman for Mme Edith Cresson, the Trade Minister, said the lifting would be sometime next month.

The 450,000 units expected to be imported over the rest of 1983 represent about half French annual VCR demand and 75 per cent of imports in 1982.

In March, Japan agreed to limit VCR exports to the EEC to 4.55m, the same as in 1982. France, a party to the agreement, agreed to lift the restrictions after talks between Mme Cresson and the Japanese Ambassador. Reuter

Japan's Exim Bank cuts new lending commitments

TOKYO — The Export-Import Bank of Japan released figures on Monday showing it had cut its new lending in the fiscal year ending March 31 1983, concentrating on funding commitments agreed during the previous fiscal year.

The bank said it had made 927 commitments totalling ¥1,295bn (£53.5bn) in fiscal 1982. While that was down 20.1 per cent from the record ¥1,620bn promised on 747 commitments a year earlier, it was still the second-highest amount ever.

Export credits, overseas investment credits and overseas direct loans all declined from the previous year. But import credits rose more than 90 per cent from fiscal 1981 levels.

The Japan Exim Bank also said its fiscal 1982 disbursements totalled a record ¥1,352bn, up 13 per cent from ¥1,145bn a year earlier.

Repayments totalled ¥911.5bn, so that the net increase in loans outstanding during the fiscal year was ¥383.5bn. Cumulative loans outstanding on March 31 totalled ¥6,043bn, up 9 per cent from a year earlier.

Among the new commitments made in fiscal 1982, 280 export suppliers' credits totalled ¥459.5bn, down 23 per cent from ¥597bn a year earlier. Major commitments included oil-refinery expansions in Balikpapan, Cilacap and Dumai in Indonesia, and the export of a cement plant in Sweden. AR-DJ.

Vehicle exports decline

TOKYO — Japan's vehicle exports fell to 5.99m in the fiscal year ended March 31 from 5.96m a year earlier, the Japan Automobile Manufacturers Association said.

This was the second consecutive year-on-year fall from the record 6.15m units exported in the year ended March 1981.

Exports last year comprised 2.80m cars, up 0.1 per cent from a year earlier, 1.74m trucks, down 12.2 per cent, and 47,000 buses, down 38.1 per cent, the Association said.

The value of the exports, including that of spare parts and components for assembly abroad, totalled ¥383.5bn against ¥30.58bn in fiscal 1981, the Association said.

Of the total value, 2.65m units went to the U.S. compared with 2.23m a year earlier. Car exports in each year were 1.65m; the truck set under a U.S.-Japan agreement. Reuter

Three-way contest for \$3bn Spanish air force order

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE to provide up to \$3bn of new advanced combat aircraft for the Spanish air force is now nearing its climax. The contenders for the deal include the European Panavia Tornado multi-role combat aircraft, the U.S. McDonnell Douglas F-18A Hornet, and a more recent contestant, the U.S. General Dynamics F-16—the latter being opposed as a "mixed fleet" along with the Tornado.

The Spanish air force wants up to about 84 aircraft. A letter of intent to buy that number of McDonnell Douglas Hornets was initiated last December, with a down payment of \$8.9m, but the new Spanish Government under Prime Minister Felipe Gonzalez sought a delay while an all-European solution was considered.

As a result, a major effort has been made to convince the European group building the Tornado for the UK, West German and Italian air forces. But in the recent past, General Dynamics has entered the battle with its suggestions for a mixed fleet of US F-16 jets and Tornado aircraft.

A final decision by the Spanish Defence Ministry is expected to be announced in early May, with the formal contracts being signed at the end of the month.

Although most officials believe that McDonnell Douglas is

the most favoured candidate, no one is giving up the fight, and last-minute lobbying is in full spate in Madrid.

It is suggested in aviation quarters that one reason why McDonnell Douglas F-18A Hornet is the preferred choice is because the offsets offered by that company are extremely generous. Panavia is understood to have fallen well behind in this aspect of the deal.

In its proposal for a mix of F-16s and Tornado aircraft, General Dynamics is offering extensive European co-operation in aircraft production (Belgium, the Netherlands, Denmark, Norway and Spain on F-16s, as well as the UK, West Germany and Italy on the Tornado) together with extensive work in Spain.

So far as the UK is concerned, any export order for the Tornado would be good news, extending the existing life of the Tornado production line, and preserving jobs at Watford, in Lancashire, where the UK end of the Tornado production line is based.

The General Dynamics proposal is that for the same money as would be invested in buying 84 F-18s, the Spanish air force could get 99 aircraft—a mix of 65 General Dynamics F-16s and 34 Tornados, both providing extensive compatibility with existing F-16s and Tornado fighters in European air forces.

"This means West Europeans will have lent the Russians billions of dollars at the low market interest rates for the privilege of using gas energy at costs 90 per cent higher than coal energy," he told correspondents earlier. "We do not think any Gulag gas should be added. Europe should be looking to its traditional areas."

Mr Baggy's impressive sales talk comes at a time when America's 3,000 coal producers are having to face a reportedly shrinking coal export market after three years of record shipments.

U.S. coal leader attacks W. Europe-Soviet gas plan

BY GERRARD MCCLOSKEY IN PARIS

EUROPE'S energy planners were bluntly urged yesterday by the U.S. coal industry to forget plans for a second Siberian gas pipeline and opt instead for politically-secure supplies of U.S. coal.

In a tub-thumping attack on European plans to step up supplies of Soviet gas, Mr Carl E. Baggy, president of the U.S. National Coal Association, told an international coal conference in Paris, that Europeans would be paying \$5.70 per million Btu for Soviet gas compared to American coal available at about \$3 per million Btu.

Spot the thief.



The short answer is, you can't. Any of these ladies or gentlemen could be about to commit fraud.

Quite possibly, with one of your credit cards.

It's a problem we at Hoechst know all too well.

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So too, unfortunately, is fraud. And every year it costs the country millions of pounds.

Is there anything we can do about it?

One solution might be to laminate a photograph of the holder into the card.

And, if a photograph, why not the signature as well?

You'll be glad to hear we're working on it right now.

Cards with built-in memory

But there's an even more remarkable development on the horizon.

Called, quite simply, the memory card, it could eventually make cash obsolete.

Inside your bank card, a tiny microchip would note any transaction you made.

Then automatically debit your bank account and bring it up to date.

Because only you'd know the card's code number, security would be absolute.

Science fiction?

It's happening in France at this moment and our French company is involved in the project.

Of course, we can't take all the credit.

But we're doing our best to make sure nobody steals yours.

We're spending £1 million a day on a better tomorrow.

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We spend £1 million a day on research to produce better chemicals, pharmaceuticals, fibres, plastics, dyes, agrochemicals, veterinary products, reprographics and many other vital products. For the complete picture, please send for a copy of "Finding New Ways" to Hoechst UK Ltd, Publicity Dept., Salisbury Road, Hounslow, Middx TW4 6JH. Tel: 01-570 7712. Ext: 3366.

UK NEWS

New rules to beat fraudulent dealers

By John Moore, City Correspondent

NEW RULES designed to stamp out fraud among the 500 licensed dealers who invest money on behalf of individuals were laid before Parliament by the Department of Trade yesterday.

The stricter controls over the dealers, who receive licences to operate from the Department of Trade, the ultimate regulatory authority of the business community, will come into force on June 1.

The move is designed to offer more protection and safeguards for investors using licensed dealers against fraud and insolvency among the licensed dealers. These changes have been prompted by a series of frauds among the licensed dealing community.

Under the new rules licensed dealers will be required to keep client money and investments separate from their own, so that clients are protected if the dealer becomes insolvent.

Dealers must give written notice to new clients, telling them how the dealer will handle client money and investments. Dealers undertaking investment management for clients must enter into formal contracts.

Dealers will be required to inform their clients of the insurance or other arrangements they have to protect clients in the event of their failing to account to clients.

Ruddle loses BR beer deal

By Gareth Griffiths

G. RUDDELL, the independent brewery specialising in the take-home trade, has lost its contract with British Rail to supply beer to Travellers-Fare. Instead, the one-year contract has been awarded to Boddingtons, the Manchester-based regional brewer.

The contract is worth about 1,000 bulk barrels a year. Boddingtons said it would not make a significant difference to its production. It would, however, provide the company with a higher profile in its attempt to expand its distribution.

Mr Ewart Boddington, the company chairman, said the bitter would be available in cans from the end of this month. It would be competing with other beers on British Rail produced by the main national breweries. Ruddle has supplied its bitter to cans to Travellers-Fare for the past two years. Mr Tony Ruddle, the chairman, said the British Rail contract had caused him some worries.

These centred around British Rail's policy of selling its bitterns at the same price on trains. This meant the cheaper Ruddle's bitter was sold and the company would have preferred its premium County bitter to be sold on trains. County has been sold at British Rail stations for the past four years.

BET hopes bid will change its dull and faceless image

By Charles Batchelor

BRITISH Electric Traction (BET) hopes its £122m bid for the remaining 30 per cent of cable television group Rediffusion will improve BET's image in the City of London as a dull and faceless conglomerate.

"Rediffusion is a glamour stock but none of this has rubbed off on us," BET chairman, Mr Hugh Dundas, said.

With BET itself the subject of recent bid speculation, the company is acutely aware of the need to improve the City's perception of it, to maintain its share price as high as possible and to make any contemplated takeover impossibly expensive.

Five years of profit stagnation around £50m to £70m have done nothing to improve BET's image as a broadly diversified group lacking in the industrial logic which holds together a company like GEC or BTR.

BET's 1982 turnover of £1,033m was produced by a mass of subsidiary and associate companies engaged in electronics, freight haulage, linen hire and laundries, printing and publishing, waste disposal and plant hire.

"To make it appear more coherent you could say our activities fall under four main headings," Mr Dundas said. "We are in entertainment, transport, construction and laundries. They are nearly all in the service sector."

BET has been engaged in a programme of technical innovation, specialisation, acquisition and, to a

Cowley back to work with a union warning

By Arthur Smith, Midlands Correspondent

THE 5,000 workers at British Leyland's Cowley assembly factory voted overwhelmingly yesterday to end their four-week stoppage - but union leaders warned that the real test of the management peace formula has yet to come.

Mr Grenville Hawley, national automotive secretary of the Transport and General Workers' Union (TGWU), said productivity changes had to be introduced by agreement. "We have made clear we are not prepared to accept the old BL-style management where decisions are imposed," he said.

A May 27 deadline has been set for Cowley management and unions to reach agreement on the productivity measures necessary to justify an increased maximum for bonus earnings from £18.75p a week to £30.

Austin Rover insists that abolition of the daily six minutes of cleaning-up time is central to the productivity changes. Failure to reach agreement will result in another national level meeting between Mr Harold Musgrove, Austin Rover's chairman, Mr Moss Evans, TGWU general secretary, and Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers (AUEW).

After the national meeting the management will be free to try to push through the changes unilaterally, and the unions to resist. Mr Hawley said in the event of imposition without agreement his workers would be given official union support.

No union recommendation was put to yesterday's mass meeting, but workers told that their 88-strong shop stewards' committee was opposed to the company's peace formula. The majority for a return to work was about four to one.

Mr David Buckle, TGWU Oxford district secretary, said the strike had been worthwhile because it had "put the autocratic managements of BL under the public microscope."

He added: "The management must consult with people and treat them like human beings, not just impose their will."

A vital factor in improved relations is likely to be the proposed four-man inquiry into allegations of bad behaviour by both management and unions. The forum will comprise two members from management and two full-time union officials.

Another problem for Austin Rover is action threatened by the 5,000 workers in the neighbouring Cowley body plant. There, the management is proposing a cut of 10 minutes a day in cleaning-up time. Shop stewards are urging members to ignore the instruction.

Production at Cowley will resume tonight. The stoppage, which has halted all Maestro, Rover, Ambassador and Acclaim models, has cost lost production of 19,000 vehicles, with a showroom value of around £100m.

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Enterprise zones a qualified success

By Anthony Moreton, Regional Affairs Editor

FEW COMPANIES considering setting up in enterprise zones are attracted by the absence of bureaucratic planning restraints, according to a report published yesterday.

According to Roger Tym and Partners, who conducted a report on behalf of the Department of the Environment on the 11 zones operating, the most important attraction was the 10-year rates-free holiday.

According to the consultants' deregulation incentives, thought to be the central point about the zones by Sir Geoffrey Howe, Chancellor of the Exchequer, when he launched them in the 1980 budget, "are a minor part in making zones attractive."

To mask the Government's disappointment at this report on the first 10 months of operations, Mr Tom

King, Secretary for Environment, yesterday shifted ground and said the report showed that zones in general appear to be succeeding in their primary of bringing new life and investment to some very run-down areas.

Apart from the rates (local property taxes); companies operating in the zones get 100 per cent capital allowances on new building, pay no development land tax and meet few planning delays.

The report, which covers the period to the end of May last year, shows that 297 companies created about 3,000 jobs. Most of the concerns had 10 or fewer employees and only eight had more than 50.

The main criticism from the property world, that the zones by and large attract nearby industry, appears to be substantiated.

Black taxi sells abroad

By John Griffiths

LONDON'S black taxi has become a valuable export item for its manufacturer, Carbodies of Coventry, almost overnight.

Carbodies has been making about 2,500 taxis a year almost exclusively for the UK market. But this year it expects to sell 700 taxis overseas, mainly in the Middle East.

The first batch of 80, destined for Kuwait, include models with leather and walnut interiors, television

and drinks cabinet and will cost their eventual owners about £18,000 (double the standard version). In the Middle East, the upmarket versions are being called "the London limousine," according to Mr Bill Drew, managing director of Carbodies Sales and Services.

Carbodies became fully independent last year. Before then, production of the black taxi was a tripartite project between BL, Carbodies and Mann Egerton.

Women's bank drive

By Alan Friedman, Banking Correspondent

A DRIVE to find British support for a rather unusual financial institution was initiated yesterday in Downing Street when Lady Howe, wife of the Chancellor of the Exchequer, met bankers, businesswomen and men and Bank of England officials during a reception she hosted on behalf of Women's World Banking.

Women's World Banking is an international loan guarantee fund with more than \$3m of capital provided by six governments, including the U.S. and financial groups such as Merrill Lynch, the U.S. brokerage house.

The goal, according to Ms Michaela Walsh, its president, is to act as a catalyst for women in developing countries who wish to start small businesses.

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Satellite broadcast options reviewed

By Raymond Snoddy

A HIGH-LEVEL meeting will be held at the Department of Industry today to conduct an urgent review of the options facing the UK on direct satellite broadcasting.

The meeting follows the apparent failure of the main European broadcasting nations to agree on a single European standard in Copenhagen last week.

Today's meeting will bring together representatives of the Department of Industry, the Home and Foreign Office, the BBC, the Independent Broadcasting Authority and the UK consumer electronics industry.

The meeting will be under strong pressure to send a recommendation to Mr William Whitelaw, the Home Secretary, that Britain should now push ahead with developing its own system, C-MAC.

Industry has warned that unless work begins soon on designing the complex integrated circuits, there might be no receivers on the ground able to handle the pictures from the BBC satellite due to begin broadcasting in September 1985.

The issuing of the final specification for C-MAC - designed by IBA, and accepted by the Government - has been delayed in the hope of getting the British system accepted as the European standard. But the French have made it clear they intend to go their own way.

No-strike agreement at Inmos

By Robin Reeves

INMOS, the Anglo-American microchip venture, has negotiated a no-strike agreement with the electricals' trade union, the EETPU, which was recently selected as the sole union to represent workers at the company's new production plant in Newport, South Wales.

The agreement provides for any dispute over pay and conditions to be referred, in the last resort, to an independent arbitrator appointed by the Government's conciliation service, Acas, whose decision would be final.

The Acas arbitrator would be required to come down in favour of either the management's or trade union's position rather than to split the difference.

Inmos's Newport plant has recruited 250 staff. It is hoped to increase the workforce to 1,000 by next year.

Howe doubts Williamsburg agreements

By Max Wilkinson

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, yesterday poured cold water on the idea that the economic summit meeting in Williamsburg next month would lead to any major new agreements for reducing the world economy or for stabilising exchange rates.

He told a press conference in London that the experience showed that exchange rate stability could only be built on parallel policies and performance by the major industrial countries.

Although official intervention in the foreign exchange markets might help with short-term fluctuations, he said, stability in the medium term required inflation rates to be reduced, together with a healthier and more convergent balance of fiscal and monetary policies.

CBI QUARTERLY INDUSTRIAL TRENDS SURVEY FOR APRIL

Business confidence, orders and output show marked recovery

By Max Wilkinson, Economics Correspondent

BUSINESS confidence, orders and output have all recovered markedly from recent low levels, according to the Confederation of British Industry's Quarterly Industrial Trends Survey for April, published yesterday.

The survey, which covers 1,700 manufacturing companies, together employing about half the manufacturing workforce, shows the sharpest improvement since July, 1977 in the balance of companies reporting an improvement in the volume of new orders. It shows the first reported increase in export demand since 1981.

Overall 36 per cent of companies are more optimistic about the general business climate than they were four months ago. This compares with 12 per cent reporting in the last survey in January.

While nearly 60 per cent reported an unchanged state of general confidence, the proportion reporting increased pessimism fell from 17 per cent in January to 5 per cent this month.

A balance of 31 per cent is reporting increased confidence compared with 5 per cent reporting increased pessimism

three months ago. The balance is the difference between the percentage of companies reporting an increase and those reporting a fall.

The CBI says this improvement represents the first substantial recovery of confidence since 1978, although there have been smaller improvements since then.

The survey provides evidence of a slower pace of destocking, an expected improvement in company liquidity, with little sign of constraints on increasing output except weakness of demand.

There is some evidence that a recovery in investment in plant and machinery is planned over the next 12 months. A balance of 44 per cent of companies say they are employing fewer people than in the past four months, the same balance as in October 1982.

However, only about 30 per cent expect to employ fewer people in the next four months, compared with a balance of 48 per cent expecting a reduction in the workforce in January and 36 per cent in January 1983.

The outlook for prices revealed in the survey is for some moderate increases in the coming months. The balance of companies reporting higher

costs per unit of output and higher average prices at which domestic orders are booked has risen somewhat since January but is still low by historic standards.

The CBI's own assessment is that the survey confirms the findings of the more limited monthly trends surveys in February and March which suggested a pick-up in orders and expectations of output, with an improvement in optimism. It cautions "The increase in the level of orders and output is still patchy and of course from a very low base. Fifty one

per cent of firms still describe their total order books as below normal and 72 per cent of firms are still working below full capacity."

However, the confederation reports "Rising optimism" is apparent across almost the whole of manufacturing with only a few of the 44 individual industries for which results are available reporting either only a marginal improvement or, in the case of the food industry, a marginal deterioration. The larger companies tended to be rather less optimistic than the smaller.

ALL figures are percentages on a weighted sample. Figures in parentheses show the responses to the survey carried in April.

Number of respondents 1,700

Are you more or less optimistic than you were four months ago about the general business situation in your industry?

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:

(a) Buildings

(b) Plant and Machinery

Is your present level of output below capacity (ie are you working below a satisfactory full rate of operation)?

Excluding seasonal variations, do you consider that in volume terms:

(a) Your present total order book is

(b) Your present stocks of finished goods are

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Numbers employed

Volume of total new orders

of which:

Domestic orders

Volume of output

Volume of domestic deliveries

Stocks of:

(a) Raw materials and brought in supplies

(b) Work in progress

(c) Finished goods

Average costs per unit of output

Average prices at which domestic orders are booked

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1 1-3 4-6 7-9 10-12 13-18 More than 18

What factors are likely to limit your output over the next four months:

Orders or sales Skilled labour Other labour Plant capacity Credit or other financial resources Materials

In relation to expected demand over the next 12 months is your present fixed capacity:

What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery over the next 12 months:

To expand capacity To increase efficiency For replacement Other

What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next 12 months:

Inadequate net return on investment proposed internal investment finance external finance demand for labour Shortage of labour including managerial and technical staff Other

EXPORT TRADE

Companies completing these questions have direct exports exceeding

Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago

Excluding seasonal variations, do you consider that in volume terms:

Your present export order book is

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Volume of total new export orders

Volume of export deliveries

Average prices at which export orders are booked

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors) Credit or finance Quota and import licence restrictions Political or economic conditions hindering exports Other

Delivery dates

Prices (compared with overseas competitors)

Credit or finance

Quota and import licence restrictions

Political or economic conditions hindering exports

Other

UK NEWS

Engineers vote to keep old-style apprenticeships

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT'S attempts to modernise industrial training have been dealt a severe blow by the refusal of the Amalgamated Union of Engineering Workers (AUEW) to accept the abolition of time-served apprenticeships.

Members of the union's policy-making national committee this week rejected appeals from the executive and voted 30-18 in favour of retaining a four-year time requirement in the industry's training arrangements.

This is in complete conflict with the belief of the Government and the Manpower Services Commission that time-served apprenticeships must disappear by 1985 to help bring the UK's training performance into line with that of its leading industrial competitors.

Leaders of the AUEW and other engineering unions had already

agreed in principle with the Engineering Employers' Federation (EEF) that time-served apprenticeships should end this summer with the length of future training related to individual achievement. This important change will now be blocked unless the national committee reverses its decision.

Mr Terry Duffy, AUEW president, said the national committee's decision posed a very serious dilemma. He said: "We feel that the agreement with the EEF is a good one, and the executive unanimously recommended the national committee to accept it. But we will have to go back to our fellow unions and the employers and tell them we have been defeated."

The Government believes training must be to standards rather than time, not only to speed the training of young people but also to

create conditions for flexible re-training during working life as technology changes.

This view has widespread support among union leaders, but attitudes on the shopfloor are more mixed.

Some industries, such as printing and electrical contracting, are introducing new apprenticeship schemes which eliminate time service.

A reform of apprentice training, however, cannot be completed without the support of engineering. It is in many ways the heart of traditional apprenticeship, and its training arrangements influence those in many related industries.

Mr Duffy told the committee that years of service were not the criteria of ability and warned that it would be a disaster to reject the proposals.

Midland reviews branch policy

THE MIDLAND BANK is reviewing its policy of dividing up the UK market between personal and corporate branches.

The bank denied reports, however, that it had halted its area office programme, under which 55 corporate specialist branches have opened since 1978.

A Midland spokesman said the bank had not halted its branch network reorganisation. He said more area offices would continue to open but the pace was slowing.

£50m plan for historic dockyard

THE HISTORIC part of Chatham Dockyard could be the centre of a £50m development by an international company. The London World Trade Centre Associated, a subsidiary of building giant Taylor Woodrow, which was responsible for developing St Katharine's Dock in London, has put forward the plan for a leisure development.

Power cuts hit Ulster

NORTHERN Ireland was hit by a series of power cuts yesterday because of a 24-hour strike by 300 manual workers at the province's largest power station.

The unofficial action, at the Ballylumford station near Larne, was caused by a dispute within the Northern Ireland Electricity Service over the operation of the new statutory sick pay scheme.

Guinness Mahon Jeddah link

WE HAVE been asked to point out, in relation to a report in the Financial Times of April 21, that Guinness Mahon has agreed to enter into an arrangement with the Sheikh Abbas Ghazzawi law firm of Jeddah to assist in the provision of services to their clients.

An ambiguity in the headline may have given a misleading impression of the nature of the link. The arrangement does not constitute a Saudi joint venture bank.

Unions and Labour near agreement on defence jobs switch

BY JOHN LLOYD, LABOUR EDITOR

LEADERS of the Trades Union Congress (TUC) and the Labour Party have moved close to agreement on a plan to convert major parts of the defence industry to civilian production.

The issue is likely to figure prominently in the general election campaign. Mr Michael Heseltine, the Defence Secretary, has identified the issue of jobs in defence industries as a potential weakness in Labour's anti-nuclear defence strategy.

A paper endorsed by a meeting this week of the TUC-Labour Party liaison committee says there will be a need to plan the transition from military to civilian production. The main body for planning such a transition, it adds, should be a national industrial conversion commission, overseeing the relevant work in the Industry Department, the Employment Department and the Ministry of Defence.

The commission would support research into alternative products, assist local alternatives to defence production and provide material assistance for such plans.

The commission would be tripartite, and would have strong links with Labour's proposed Department of Economic and Industrial Planning, and to the National Planning Council.

The paper says: "The commission would administer a conversion fund generated from savings in defence expenditure. Resources from the conversion fund could be made available via its regional offices to research initiatives by local alternative user committees and to workers, companies and communities affected by changes in defence contracts."

The liaison committee also included closer to agreement on a minimum wage for low-paid workers. This followed a strong plea from Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees, that the Labour movement should adopt a policy in an area where traditionally it has been silent.

It is certain, however, to stop short of a statutory minimum wage. The Transport and General Workers' Union, the country's biggest trade union, is firmly against statutory underpinning, a position forcefully restated this week by Mr Moss Evans, the TGWU general secretary.

The committee agreed that the next move in what will be a tortuous advance towards agreement should be that the Labour Party prepares a document on low pay to which the TUC can respond.

Social Democrats give first TV broadcast

BY JOHN HUNT

THE FIRST party political broadcast by the Social Democratic Party (SDP), which was transmitted on television last night, concentrated on attacking the adversary policies of Conservative and Labour governments and presented a new character, the "Thatcherfoot".

Played by an actor rapidly alternating between Mrs Margaret Thatcher, the Prime Minister, and Mr Michael Foot, the Labour leader, the character was intended to highlight the unhealthy confrontation between the two main parties on questions affecting the economy, employment, industry and defence.

The broadcast, of less than five minutes, is the only one allowed to the SDP this year until the general

election. This compares with the 40 minutes each for the Conservatives and Labour and 20 minutes for the Liberals.

The SDP has protested at its lack of time this year. It intends to press strongly for the SDP-Liberal Alliance to have equal broadcasting time with the Conservatives and Labour during the election campaign.

The time is allotted on the basis of how well the parties performed in the last general election. The difficulty is that the SDP was not then formed.

The party argues that it is entitled to an equal share on the basis of the number of votes it has captured in by-elections.

APPOINTMENTS

Chairman elected at Lykes Bros.

Mr Charles P. Lykes, chairman and chief executive officer of Lykes Bros. Inc., has been elected chairman of LYKES BROS STEAMSHIP CO. INC., New Orleans, on the death of Mr Chester H. Ferguson, and chairman of Intercoast Steamship Corp., owners of Lykes Steamship. Lykes Bros is the principal stockholder in Intercoast Steamship. Mr T. J. Rankin, president and chief operating officer of Lykes Bros, and Mr David H. Knapp, have been elected to the boards of Intercoast Steamship and Lykes Bros Steamship.

Mr Michael Reaveley, formerly an executive vice-president and chief manager at Barclays Bank International's corporate branch in New York, has been appointed an executive vice-president and a director of BARCLAYS BANK OF CANADA.

Mr John J. Stork, chairman of John Stork and Partners in Europe, and Mr A. S. (Sammy) Stork, president of Paul Stork Associates in the U.S., have become president and chairman respectively of their organisation, STORK STAFFORD INC. INTERNATIONAL PARTNERS INC., which has been formed to engage in the practice of international executive search.

Mr A. A. Sherman has been appointed a vice-president of WARNER COMMUNICATIONS with responsibility for the development of the company's sports interests.

Mr Takeyuki Ozawa, general manager of the internal and public relations chamber, NIPPON YUSEN KASUSHIKI KAISHA, has become managing director of the Hikawamaru Marine Tower Company, an NYK subsidiary. He was replaced by Mr Yoshikazu Soeda, former assistant general manager of NYK's Nagoya branch.

Mr Richard M. Hays has been elected secretary and appointed assistant general counsel of corporate UNITED STATES STEEL from May 1. Mr Hays will succeed Mr Charles G. Schwartz, who will retire on April 30. Mr Hays is senior general attorney-corporate, assistant secretary and director of stockholder relations for U.S. Steel.

Mr WESTFIELD MINERALS, the Toronto-based resources company, has appointed Mr John J. Royall general manager, exploration and development and elected him to its board. Mr Royall was director of exploration-precious metals for Union Carbide Exploration.

Mr T. J. Gillard has been appointed executive vice-president, finance, of the CORNELIUS COMPANY of Anoka, Minnesota, U.S. The Cornelius Company is a subsidiary of IMI of Birmingham, England.

Mr Gillard is an assistant chief accountant of IMI and will take up his appointment at Anoka in May.

Mr Andreas Reinhardt has succeeded Mr Balthasar Reinhardt as vice-chairman of VOLKART BROTHERS HOLDING, the parent company of the Swiss-owned international trading house. He also becomes vice-chairman of Gebroeder Volkart of Winterthur, the holding company's major subsidiary.

AM INTERNATIONAL has elected Mr Raymond A. Andrew as senior vice-president. In this new position, Mr Andrew will have responsibility for overseeing all corporate staff activities. Mr Andrew most recently was an independent business consultant concentrating on strategy and business structure.

Mr F. Max Schutte has been elected senior vice-president—operations for the AMERICAN GENERAL CORP. Mr Schutte was formerly associated with the Texas American Bank, Houston, where he served as chairman, president and chief executive officer for nine years. Since 1980, he has been associated with the Houston law firm of Boswell and Hallmark.

Mr Robert A. Mongell has been appointed vice-president and controller of AVIS INC. He has been assigned to Norton Simon Inc. Avis' parent company, as executive assistant to the senior vice-president—finance, and as director of business strategy.

BEECH AIRCRAFT CORP has elected Mr Glenn Ehling, senior vice-president—operations, and Mr Chester A. Rembleske, senior vice-president—engineering, to its board of directors.

Mr Paul R. Nagle Jr has been promoted to vice-president and named manager of sales for the systems division of THE RALPH M. PARSONS COMPANY. Mr Nagle formerly served as a commercial vice-president for Parsons' petroleum and chemical division.

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THE ARTS

Television/Chris Dunkley

Documentary splendours in the global village

Familiarity does breed the most extraordinary contempt. One of the pillars of the monthly radio phone-in about television on LBC's *Nightline* (London only) complained recently that television seemed to be in the doldrums; there was nothing worth switching on for. Fressed for this she said, in her own words, that the entire output—drama, variety, current affairs—seemed pretty lacklustre but that she particularly mourned the absence of good documentaries.

She was not alone. Certainly there were callers who enthused about specific programmes, but it was also clear that the complaint about a lack of interest in general and a lack of good documentaries in particular struck a chord.

Yet looking back through my notebooks for the past month or so I have to conclude that a public perception that there is no single famous and dominating series such as *The Ascent of Man* or *The World at War* or *Life on Earth* marking the current season. The dominant television events of the past few months have been the launching of Channel 4 and, of course, the Cambridge foot race, both showing television in a bad light—according to many newspapers anyway.

(The influence of the Press in forming this public perception is interesting. It reinforces a growing belief that television does not "set the national agenda" as we have tended to assume over the last 10 or 15 years, but that other mass media may still be more significant. Jeremy Tunstall of the City University argued in a fascinating article in *Broadcast* magazine earlier this month that, studied closely, the widespread belief in the prevalence of television news over other news media begins to look like a myth. Certainly at the coalface itself, the newsroom, it is noticeable that in television the major source of material is newspapers which are mined perpetually whereas in newspaper newsrooms only the occasional nugget is acquired from the casual watch kept on the box. But that is really another article.)

The first thing to strike you when looking back over the documentaries of the last few weeks is that the sheer number on offer now that we have four channels is very great. There may not be a series at present as outstanding as *Civilisation*, but each week brings dozens of documentaries, and the general

standard today is surely considerably higher than it was 20 years ago. Our expectations have risen rapidly, thanks not least to those outstanding series.

Unless you think carefully about one particular area of interest—remote parts of the world, say—it is easy to take for granted the astounding richness and sheer quantity of information on offer inside 30 per cent of British homes today compared with what was available to our parents' generation or even to ourselves a few decades ago. It is in this sense that familiarity with television breeds contempt.

There have been some tugging among Marxist historians and (often very different animals) historians of Marx during the transmission of BBC's six part series *Karl Marx: The Legacy*, written and presented by As Briggs. But that seems to have occurred mainly because of failure to notice the third and fourth words of the title. What Briggs has given us is a series of pictures painted in broad brushstrokes of various political systems and cultures each of which in one way or another qualifies as part of the Marx "legacy." Thus we have glanced at the French and Italian communist parties (hearing about the latter from Briggs as he perched atop a banked car-testing circuit on the roof of the Fiat factory in Turin) and gained a general idea of the differences between Yugoslav's materialist co-operatives and Cuba's collectivisation with its slogan-chanting school children.

The series was almost certainly less informative than it appeared, and the fact of the differences between Yugoslav's materialist co-operatives and Cuba's collectivisation with its slogan-chanting school children.

The advance is even more dramatically evident in BBC 2's *Shackleton*, a four-part series written by Christopher Ralling who was responsible for the superb *Voyage of Charles Darwin*, involving the re-staging of the epic Antarctic expedition by actors and television crews working on Greenland locations. So far perhaps we have seen rather more activity in the UK and rather less of the

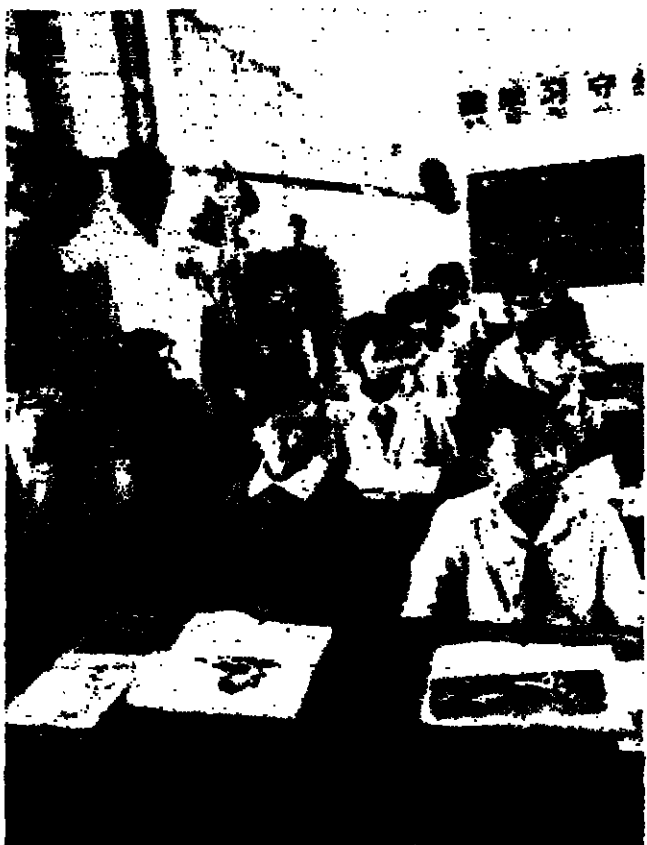
snappy wastes than we might have liked, yet the scenes of the ships in the pack ice and the men in Victorian explorers' outfits have been uncannily authentic, and of course Shackleton's most astonishing achievements are yet to come. They continue tonight.

What is so striking, remembering the complaints of the lady on the phone, is the way that the Edwardian public depicted in *Shackleton* flocked to distant-lands lectures in draughty halls to get the merest hints of what an Antarctic expedition was like, while we can lie back in our own homes and watch a vivid reconstruction in colour, later complaining that there are no good documentaries around. Perhaps we are spoiled.

A little earlier in the year the BBC gave us another batch of its railway documentaries, this time called *Great Little Railways*. There was even less about locomotives, rolling stock and the permanent way than in *Great Railway Journeys of the World*, yet only steam freaks will really have minded that. Here again it was possible to stay by the fireside (well, radiator) and consider the countryside, the people, and the life of such disparate places as Poland, Andes and the Philippines—and those three were all beautifully photographed, incidentally.

It says something for the variety of the much ridiculed "idiot's lantern" that though the three series noted so far all dealt with foreign countries, completely different techniques were used each time: the *Marx* series put a lecturer in front of the camera, the *Shackleton* series is documentary drama with actors, and the *Railways* series used a narrator and a series of film clips.

Writer/presenter James Bell and producer/director Alan Bell took a similar approach to their well-timed and unfettered re-evaluation of Gandhi in *Wise Man And The Wheel* on Channel 4. Showman meandering and repetitive ("Mahatma" was explained just before and just after the first commercial break) this 11-hour programme looked like three separate half-hours pushed together. Bellini might have been well advised to make a bold assertion at the start that "Gandhi's life has proved disastrous for the very people he is supposed to have championed" or whatever—and then used all his evidence to back it up.



English class in the commune: a scene from next week's Inside China series from Granada

As it was, he peddled around the subject interviewing textile barons and workers and creating the feeling that perhaps there was more to this man than met the eye. Yet even here what did meet the eye also opened it: the thousands who though poor are in work, and the realisation that India isn't only beggars, holy men and princes.

BBC's *Entertainment USA*, a spin-off from *Top Of The Pops* in which Jonathan King stands in front of American buildings and introduces free movie clips and pop video promos, can scarcely be seen as God's gift to the documentary tradition, yet even this is part of television's total coverage of "abroad" and in today's world a far from irrelevant part.

And tonight ITV shows the first of three programmes which fill a nasty gap left by the Asa Briggs series, *Inside China*. The first two are Pelican programmes, which is to say that they stand in relationship to most of today's documentaries as the old blue Pelicans do to

today's glossy multicoloured paperbacks: they are serious, packed with facts, and delivered in a manner which assumes an intelligent audience.

The third, because it happens to deal with the exotic Kazakh tribe of north west China has an advantage in that the settings, clothes, and very lives of the people—one man still hawks with an eagle—are visually dramatic. Perhaps the series could do with more material beyond the party line, but since China's party line is so dominant it is as well to know it, especially since it now seems to be "We have exchanged our chickens for a washing machine, don't you think this is wonderful?"

Of course it will be good to welcome the next great book-busting documentary series when it arrives, but in the meantime you must surely be disesteeming your entire put as "not worth switching on."

Architecture/Colin Amery

Confused messages at the ICA

There are two new shows at London's Institute of Contemporary Art, an installation by the American sculptor, Mary Miss, and two rooms full of contemporary British architecture, called *Model Futures* (until May 22).

Mary Miss has constructed a huge stepped pool, with no water in it. She is inspired by architecture, looking for a universal typology, and concerned with the influence of a particular site and structure. I think her work is better out of doors, away from the tight gallery walls where it can be read as a response to its surroundings. In the ICA she is brave and big and fills the space with wonderful wood—but her message is castrated by claustrophobia.

Model Futures shows the work of some 35 practising British architects. If this show is about anything it is about what the catalogue itself calls "a number of apparently random eddies." The 30 architects who are each represented by one framed photograph with a quotation certainly appear to be pursuing 30 different approaches to architecture. The mistaken habit of asking architects to speak, or even worse, write down their thoughts leads to 30 exclamations of fatuity.

It would be unfair to ask 30 lawyers, or 30 cab drivers, to encapsulate their philosophical approaches to life in 30 short sentences, and then put them on the wall for public consumption. If only architects and their acolytes would stop thinking that they alone hold the keys to the doors of our visual culture.

The stilted nature of the ICA show does not represent the current state of British architecture. As an exhibition it is intensely disappointing—particularly as one of the stated aims of the ICA's has been to close the gap between the profession and the public.

Mary Miss would not agree with me because a great deal of her work is about the struggle we all have in trying to experience the idea of the immensity of space in our confined urban lives. The other problem I have with Mary Miss's work (why is it that I always want to call her Miss Mary?) is that her huge wooden installations seem to be devoid of any kind of formal meaning. She does not speak a language that we can all share.



A glimpse of Model Futures according to 30 British architects

She is influenced by an artist I much admired before his untimely death, Gordon Matta-Clark. His work really was seminal because he worked principally on existing buildings—cutting them in half and using his own sculptural and visual skills to explain the structure of the spaces that we build. It is right that Mary Miss should be in the ICA during this season of Art and Architecture exhibitions—but puzzling to many of us because of her hermetic ambiguity.

In Britain at the moment there is a range of architecture that is subtle, clever, experimental and often reasonably good looking. There is also a burgeoning visual sense among the population at large that doesn't need all the "intellectual" sleight of hand that is to be seen at the ICA. James

Gowan writes at the beginning of the catalogue that the architect in Britain today is forced to operate in "an arena of disenchantment."

It is an arena that the profession has built for itself, and if the architects want to escape from it they know the answer as well as anyone else—they have to improve their performance. Many architects, including Mr Gowan, have shown that work of quality can be built in Britain. The art of the culture of the nation is not a matter for architects alone—they are arrogant to assume that it is.

All the visual arts need nurturing and this is a matter of taking daily care and elementary education. The art of architecture is not served well by this kind of exhibition of pretentious disguises.

The Silver Foxes Trilogy/Gate, Notting Hill

Martin Hoyle

Baldly summarised, the synopsis of the plays making up this triple bill seem to lack something. Music, perhaps, or choreography. The trouble with parables is that they need the resonance of either significance or style if they're not to sound simplistic.

The opening play, for example, shows us a paucity of Nazi in the last days of the war bribing a Jew into an exchange of blood. Fifteen years later the blood, tainted with cancer, is killing the German, while the animals in the Jew's pet-shop are dying. The money has a curse on it. The story has the expected nakedness of an opera-plot awaiting its final element.

With the second play, a consistent theme emerges: fear, its destructiveness, and the degradation of those who welcome it. The Viennese author, Jakob Lind, fled the Anschluss at eleven and survived the war in Holland with forged papers. His writing ranges from the straightforward menace of Grimm to a convoluted symbolism shot through with wry fatalism.

He writes uncomfortably of how fear corrupts. "When death threatens us we must make death" is the motto of the second play, where a cheerful bird-impersonator, having lost his comb, the doctor remarks briskly.

The final play plunges into murkier writing when the symbolism is as turgid as the swirling waters from which derelict Anna has, over the

years, saved 600 near-victims. Lind can be more effective with the throwaway line. "First she's got to die of fear—the rest is just a flick of the wrist," says more about terror than any tirade.

Nicholas Broadhurst directs a dedicated cast, among whom David Acton could teach Percy Edwards a thing or two as the birdman masking his optimism. Tim Hardy, as bitterly surviving Jew and icily menacing death-figure, displays a thin-lipped, bony authority that recalls the young Eric Porter.

Open Air Theatre summer season

The 1983 summer season in the Open Air Theatre, Regent's Park, opens on May 26 with five performances of an 18th century English opera double bill. The works are *Thomas and Sally* by Thomas Arne and *Rosina* by William Shield, both directed by Anthony Beech.

There follows a new production of *As You Like It* on June 6 and a revival of *A Midsummer Night's Dream* on June 21. A new musical, *Backstage* by Denis King and Benny Green, opens on August 3. This is adapted from Shaw's *The Admirable Bashville* and will be directed by David Williams, designed by Timothy Goodchild, with Anthony Bowles in charge of the musical direction.

The White Glove/Lyric Studio, Hammersmith

Michael Coveney

The play starts with the last moments of *The Cherry Orchard* performed, with a gentle nudge, for laughs. Madame Ranzersky bids farewell to her furniture, the carriage awaits the fopping of trees is heard in the distance and old Firs finds himself locked in. He settles down under a white dust sheet. A few minutes elapse. Two Edwardian ladies, one with a deerstalker, and meerschaum pipe, stride through an easily unlocked window. The shorter, stouter one exclaims: "My God, Holmes, do you think we're too late?"

This all sounds most promising. We are quickly brought up to date with a tale of missing pearls, the white glove, and buried deposits of a valuable clay compound on the estate. The family returns and Chekhovian spoof mystery thriller is under way. The authors, Richard Maher and Roger Michell, last gave us the

Chandresque parody *Private Dick*. Parody is a splendidly difficult art, and as in *Private Dick*, the ingenious couple do not quite strike gold.

Even more damaging to their cause—which I am not convinced, anyway, is a worthwhile one—is the length of the evening. A. E. Housman wrote some short sequel plays. *The Third Mrs. Turpin*, for instance. This sort of exercise is material for a sketch, hardly, unless brilliantly organised, for a full, rather long evening.

Despite its indulgence to the script, Mr Michell's production nonetheless springs some splendid surprises, not all of them intended to clarify a plot of spiralling complications. Leslee Udwin doubles Anya with the trick-playing Carlotta, who explodes from a truck that is part of the furniture painstakingly restored to the nursery by old Firs. And Firs, a study in decrepit verisimilitude gradu-

ally overtaken by political fervour, is a beautiful piece of work by Ronnie Letham. He also plays in the upstart Lopham, snarling suspiciously at Holmes and Watson.

The detective and doctor enter the premises passing themselves off as mining engineers, and Anthony Higgins and Ian McNeice strike up a nicely contrasted relationship while delving deeper into a mystery that also implicates a mendicant orthodox priest, Mia Soteriou's resentful Varya and Adrian Edmondson's superciliously superior Trevor.

Gillian Barge lays on the Russian emotionalism as Ranzersky whenever the drowned son is mentioned, and the mystery is arbitrarily solved by a wonderful character unmasking to the end. But too much is left unexplained or indeed just left. *The White Glove* instead of being too clever by half is, in fact, not clever enough.



Anthony Higgins and Ian McNeice: mystery in the Cherry Orchard

Arts Guide

Theatre

NEW YORK

Brighton Beach Memoirs (Alvin): As usual, Neil Simon is more funny than touching even when recalling painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by Matthew Broderick as the aspiring teenage writer. (737 8648).

Showboat (Uris, 51st W. of Broadway): A cast of 30 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with brilliant songs including songs of *Oliver*, *Bill* and *Maude*. (254 3770).

A View from the Bridge (Bakst): Broadway and Arthur Miller finally have a hit for the new year—Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony Lozano may reach the lion's den of controversy soon, but audiences love the schmalz, even in an Italian accent. (239 6200).

Amadeus (Broadhurst): David Duke stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (241 0472).

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Carrie Fisher enliven a somewhat over-written clash of ideologies. (246 4535).

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative re-

dition directed by Tony Tanner. (245 5780).

Nine (49th St): Two dozen women surround Paul Judd in this Tony-award winning musical version of the Fellini film 1965, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of *Nicholas Nickleby*, has his imaginative and risky cats sink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 5252).

The Girls (Public): After the Royal Court production enjoyed a short solid-out run, Caryl Churchill's ruminations on ambition and women reopens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Rotsford, again directed by Max Stafford Clark. (267 7100).

Extremities (West Side Arts, 43rd W. of 8th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast led by Susan Sarandon and James Russo. (541 8594).

Marcel Marceau (Belasco): If anyone can cheer up Broadway's sagging season it should be France's favourite silent clown. (239 6200).

On Your Toes (Virginia): Natalia Makarova with presumably a genuine Russian accent leads an exuberant cast in the rumbustious of Rogers and Hart's 1933 send-up of Russian ballet

toys, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, the original, by George Abbott. (977 8570).

WASHINGTON

Make and Break (Eisenhower): Michael Frey's zany tragicomedy of contemporary salesmanship writ large at convention time gets its American premiere with belly star Peter Falk in the Leonard Rossiter role, directed as in London by Michael Blakemore. (254 3670).

Genesee (Arts): A takeoff of the shooting of Apocalypse Now in the Philippine jungle captures, if not the real Vietnam, at least the East Coast assumptions about it, which are funny enough. (488 2300).

CHICAGO

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jr.'s vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800).

Doet for One (North Light Rep, 2200 Green Bay, Evanston): Tom Kemp's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing disability stars Eva Marie Saint. (888 7278).

E. R. (Organic, 3319 N. Clark): This hit-and-run local company has a long-running success with an earnest parody of hospital-based melo-

mas, starring Gary Houston as an ambitious young doctor, Shuko Akane as the receptionist and Lily Monks as the authoritarian nurse. (327 5588).

Cardinal (Goodman) John Guare picks a post-U.S. Civil War setting for his latest play, following up *Boys and Girls* with idealism trying to set down roots in innocent.

VIENNA

Vienna's English Theatre (421 280): Hughie and Before Breakfast: two new act plays by Eugene O'Neill. (Daily except Sun).

Theater an der Wien (579 622): Anstern (Daily except Mon).

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a UNESCO conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Rosamund Seth (Nehru in the film *Gandhi*) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2232).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Yakety Yak (Astoria): Enjoyable pot-pourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and enthusiastically performed by Liverpoolian quartet of brothers and The Derts. (437 8585).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2860/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in *A Kind of Alaska*, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (836 2252).

Trafalgar (Marmalade): Embertant play starring Tovah Wilcox that sets the battle of the sexes in a wrestling ring. This fringe success has reopened the embattled City of London venue. (226 5368).

The Pirates of Penzance (Drury Lane): Rotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108).

Gays and Dolls (Olivier): A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (836 2252).

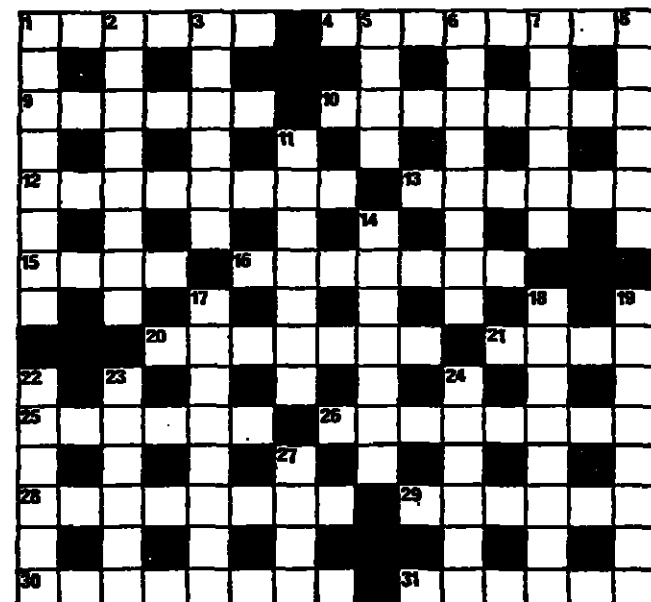
F.T. CROSSWORD PUZZLE No. 5,157

ACROSS

- 1 Restrained anger (6)
- 2 Feet (4)
- 3 A sheep currency conversion (6)
- 10 Supports family with military protection (8)
- 12 Russian writer goes back home and takes Press in (8)
- 13 Navy involvement in ship's starting point is essential element (6)
- 15 Quickly caught (4)
- 16 Pointless injunction to wastrel (7)
- 20 Choke with rubbish in entrance (7)
- 21 Man with quiver is affected when Queen is lost (4)
- 25 Entreaty with a gentle ring to it (6)
- 26 Holidays in remote places (8)
- 28 Guide or governor (8)
- 29 Get round barrier with rope on (6)
- 30 Soft, and giving up (8)
- 31 Search for animal (6)

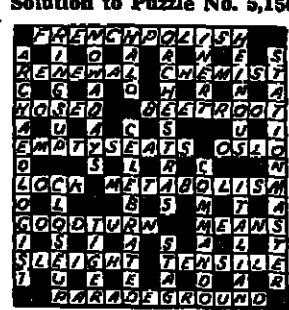
DOWN

- 1 Sheriff's officer has to reward employees for service (8)
- 2 Chatelaine puts emphasis on the road (8)
- 3 Here it changes to alternative version (6)
- 5 Drawn? Fixed? (4)
- 6 The material returns on poetry are wicked (8)
- 7 Obviously, like a German philosopher (8)
- 8 The sort the French inspire (6)
- 11 Boarding house for retired people? (7)
- 14 Smoother compliment (7)
- 17 Stable could be clean inside but not good outside (8)
- 18 Salvation Army is embraced by commoner militant Christian (8)
- 19 Box fastening made from wood (8)
- 22 Holiday distress signal (6)
- 23 Press gets confused about article in short supply (8)
- 24 Get rid of class (6)
- 27 Complain there's nothing in



the Island (4)

Solution to Puzzle No. 5,156



FINANCIAL TIMES

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Wednesday April 27 1983

Europe comes last

THE WEAKNESS of Europe's position in high-technology industries stems in part from the fragmentation of national markets. Until there is a unified European market, manufacturers will not enjoy the economies of scale that are available to their Japanese and American rivals. These are the positions which member governments of the European Community are, in principle, very ready to support. But when it comes to detailed negotiations on specific issues, nationalism rears its head again. This applies particularly to the adoption of common technical standards in such fields as broadcasting and telecommunications.

Earlier this year the UK decided to adopt a U.S.-based system for the new radio telephone network—a decision which was strongly criticised by the French as harmful to the cause of European industrial collaboration. The latest example concerns the attempt to work out a single European standard for a digital radio telephone by satellite (DBS), which several European countries are planning to start in the next two or three years. Unless there are some unexpected changes

of mind in the next few weeks, the UK is likely to go it alone with a system known as C-MAC, while the French and Germans will proceed with the SECAM/PAL system. One consequence is that DBS receivers will be produced in small volumes and at higher cost.

As always the technical issues are complex. The advisory panel set up by the Home Office and the Department of Industry concluded last year that C-MAC was technically superior and should be adopted for the UK. A firm and prompt British decision, the panel said, "would be a useful influence on European opinion" at a time when European broadcasters had not yet agreed on a common standard. That hope appears to have been disappointed.

A last-ditch effort should certainly be made to reach a European agreement, but the affair suggests wider lessons on how technical decisions of this kind should be handled. The present tendency is for governments to work out what is best for themselves, then to start negotiating with others; by that time vested interests are involved and agreement is elusive. A European approach must come at the start of the decision-making process, not at the end.

Links with Japan

IT HAS been a remarkable volte-face by the French Government as owners of the electronic group Thomson-Brandt. Eighteen months ago the Government prevented the company from participating in a joint venture with Thomson-EMI of Britain and AEG-Telefunken of West Germany to build Japanese JVC video-cassette recorders in Europe. It considered the idea insufficiently European. If Britain and Germany were ready to become "nipponise," France was not.

But the European alternative, a merger of Thomson with Grundig to manufacture machines using a system developed by Philips, fell prey to the combination of intra-European corporate rivalry and old-fashioned nationalism to which such European solutions are prone. West Germany was unwilling to see its television industry dominated by a French company, while Philips was torn between enthusiasm for and mistrust of Thomson's initiative. The deal fell through.

Now Thomson has sought Telefunken from AEG and is back on an improved version of its original track with the Japanese. The French Government is pleased that JVC will be supplying France with the technology for a French VCR industry and will happily dismantle its imaginative video-checkpoint at Folkestone through

which all imported VCRs have been forced to flow. Philips is very disappointed that its hopes for a European video force have been damaged in this way.

The vision of the European solution always had a worrying side. The small market share of the Philips system, the records and rivalry of the companies involved, the obvious technological advantage of the Japanese—they made it seem all too likely that the European consumer would be forced to pay more for European VCRs by being "protected" from a Japanese one. The recent trade agreement between the EEC and Japan limiting Japanese VCR imports and guaranteeing the Philips system a certain share of the European market was the first step in the wrong direction.

It may perturb Europeans that Japan has stolen a march on them in the video industry but it is a fact to which the European electronics industry would do better to adapt and learn. The inevitable conclusion is that the Japanese technology and in making sure that the Japan-EEC trade agreement does not actually frustrate attempts to import the Japanese components they will need.

Portugal's hard task

THE INCONCLUSIVE result of the Portuguese general election has come as a disappointment to the international community, which was hoping for a strong government to solve the country's mounting economic problems. Though the Socialists, led by Dr Mario Soares, topped the poll with about 39 per cent of the vote, compared with 28 per cent in the last election in 1976, they failed to obtain an absolute majority of parliamentary seats. The laborious business of coalition-building is likely to take a long time. The inevitable compromise which Dr Soares will have to make in the process could water down his best economic intentions.

Dr Soares' medium-term economic policy, as expounded during the election campaign, is impressively realistic for a Socialist politician. Unlike M Francois Mitterrand on his election as President of France, Dr Soares has no illusions about the seriousness of his country's economic plight and the bitter remedies which must be applied. He has already warned the Portuguese that they face two to three years of austerity.

Economic mess

To do as well in the election as the Portuguese Socialists did on such an unattractive platform is an indication of the unpopularity of the previous centre-right government, whose life was marked by continuous bickering between its 3 coalition partners. That government has certainly left the next Portuguese Prime Minister with a greater economic mess to clear up than either M Mitterrand or Dr Felipe Gonzalez, the Spanish Socialist Prime Minister, faced when they were elected. It is arguable that the relatively healthy state of the French economy in the spring of 1981 gave M Mitterrand at least a reasonable alibi for pursuing a relatively expansionary policy. Dr Soares, if he leads the next government as seems likely, does not have such an option.

The legacy left by the previous government is indeed heavy. Large and continuing public sector deficits—the result, in part, of the wholesale nationalisations which followed the 1974 revolution—have never been brought under control. They have made a big contribution to monetary growth and high inflation which, last year, attained 22 per cent.

The balance of payments deficit, which reached a record \$3.2bn last year, is again expected to amount to \$2.5bn in 1983 and the effect of this year's severe drought could add several hundred millions to this sum. The foreign debt now totals \$13bn, more than twice as high as four years ago.

In order to finance its balance of payments deficit and foreign debt repayments, Portugal will have to rely on foreign loans, however willing the new government may be to dig into the country's substantial gold reserves. What Dr Soares appears to have realised rather more clearly than the previous government is that these loans will be forthcoming only if the new government can persuade international bankers and the IMF that it is putting its economic house in order. An IMF mission is due to visit Lisbon in July but will certainly expect to be presented with a viable medium-term economic plan before it agrees to start negotiations on a loan.

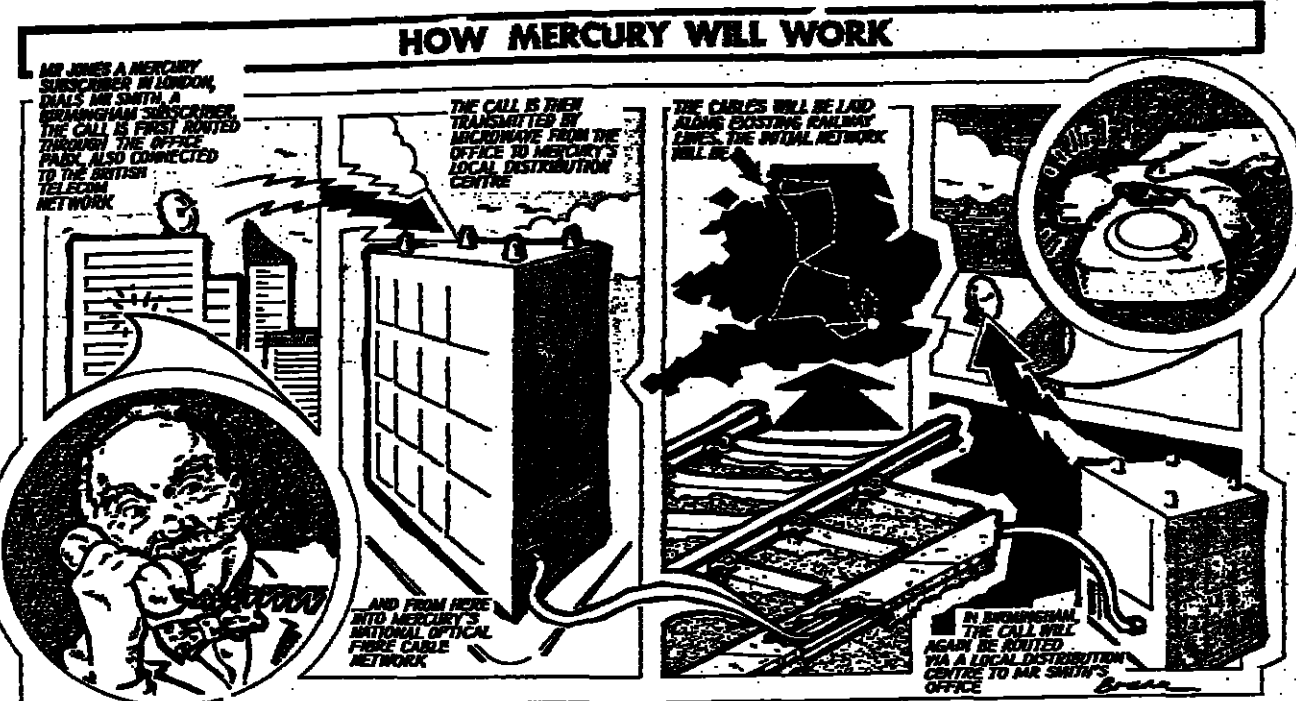
Public sector

Foreign loans by themselves, however, will be insufficient to guarantee the success of economic policy. The new government must do well to take up its predecessor's proposal to create an institute of financial management for the public sector, whose performance has been one of the weakest elements in the economic situation. Incentives should also be provided to make industry more internationally competitive. The new government should never forget that one of its main tasks is to prepare Portugal for EEC membership.

BRITAIN'S TELECOMMUNICATIONS

A very discreet revolution

By Jason Crisp



thousands of pounds per kilometre for a local link.

● The market for so-called dedicated lines is less than 4 per cent of the total telecommunications network business.

● The geographic limitations of the proposed basic network, which does not go further north than Leeds, restricts its usefulness to many organisations.

● The large organisations on which Mercury planned to concentrate, represents only a small part of the total market.

From the start Mercury has been dominated by Cable and Wireless which was first invited to take part in the consortium by the Industry Department because of its substantial telecommunications expertise. But close observers say that, ironically, Cable and Wireless may initially have been too influenced by its own monopoly experience in places such as Hong Kong and Bahrain.

The Government wanted Mercury to be fast-moving and

entrepreneurial like some of American Telephone and Telegraph's competitors in the U.S., such as MCI. One person closely involved with Mercury said: "It is in danger of being a gold-plated service with an emphasis on fancy technology. MCI on the other hand is very lean and cost conscious only using the most cost effective technology."

Under pressure from other shareholders, particularly BP, Mercury has now begun to widen its horizons. Changes include the rapid introduction of switching to enable Mercury customers to switch to each other, wider geographic coverage, marketing to much smaller organisations, and a much broader approach to technology. At a later date Mercury's customers may also be able to switch in and out of the BT network, something that the majority of MCI's customers can already do with existing networks in the U.S.

Scicon, the computer consultancy subsidiary of BP, has recently conducted a study on

Mercury's switching needs and its requirements are expected to be sent to manufacturers in the next two months. Over time, switching will enable Mercury substantially to widen its customer base. The bigger Mercury's network, the harder it will be for BT to undercut its price.

The geographic issue is a vital one. There is likely to be fierce competition between BT and Mercury to supply the Government which spends £225m a year on telecommunications. But many government computer centres, for instance, are outside Mercury's proposed network including the Land Registry at Plymouth, the Driving License Centre at Swansea, Customs and Excise at Southampton and Department of Health and Social Security at Newcastle.

Mercury has a number of options available for extending its basic network including leasing private circuits from British Telecom or using satellites. Mercury is, for

example, currently looking at the possibility of using the Intelsat international communications satellite over the Atlantic which is normally used for calls to North America. It could be used for internal UK communications which would give Mercury immediately available—but expensive—national coverage.

Meanwhile the new company is still struggling to find ways of reducing the cost of making the local links at each end of its lines. This problem is all the greater now that it intends to broaden its market. One option is to lease lines from British Telecom which makes it vulnerable to the whims of its major competitor.

Other options include leasing ducts in the ground from organisations like London Hydraulic Company, using special low-powered local microwave links and laser communications.

In the longer term Mercury may also be able to use cable television networks. The Government has already said that

Mercury and British Telecom will be the only organisations allowed to carry voice or cable television networks. (Cable television operators are also likely to be major customers for Mercury's main network—they will use it to transfer programmes around the country.)

International calls will be a major source of revenue for Mercury. It is building a large "earth" station in London's dockland which will enable it to send calls to the U.S. via a satellite. Under the current licence Mercury can only offer leased circuits to U.S. destinations. But under the British Telecommunications Bill currently going through Parliament it would be permitted to offer a switched service, in other words a Mercury customer would be able to dial anyone in the U.S. International telephone calls are the most profitable of all especially the very busy trans-Atlantic route.

Perhaps the most dramatic change of all has been BT's response to Mercury. When the company first drew up its plans it was impossible to lease a digital circuit from BT and even an ordinary conventional analogue circuit could take a remarkable 18 months to be switched. Now BT has significantly reduced the waiting time for all private circuits. In addition it is installing new digital services in a far-reaching network several times larger than Mercury as part of its new National Networks organisation.

Despite all the unexpected problems it has encountered there is still every chance that Mercury will be profitable. One analyst recently predicted that by 1990 it might have revenues of £500m and profits of around £50m. But there is a small group of people who argue that if the Government really believes in open competition it should not limit itself just to replacing a monopoly with a duopoly.

If the Conservatives are returned after a general election pressure is likely to grow for yet more competition.

WHY MERCURY AND THE UNIONS STILL HAVE A CROSSED WIRE

THE FIRM refusal of the Post Office Engineering Union to "interconnect" Mercury with British Telecom partly explains why Mercury has been unable to launch its service in the City in 1978—in pursuit of the 35-hour-week—which created a crescendo of complaints against BT's services and led to the first stirrings of interest in an alternative network.

The first interconnect will go ahead in the next few weeks at Mercury's headquarters in Longacre, Covent Garden. It is a relatively simple operation which could—and probably will—be done by some of BT's non-POEU executive engineers. But the industrial relations consequences of such action may be serious.

The Mercury issue does not lend itself to compromise and already asked BT for the first of the three levels of interconnection it requires at Longacre. The news that Mercury may not be ready for another "week or 10 days" causes a few chuckles at POEU headquarters where they have been waiting for the "advice note" for the

whole system are directly linked by the union. Selective industrial action has already been launched against BT in Whitehall to underline "the point."

Ironically it was the effectiveness of similar selective action in the City in 1978—in pursuit of the 35-hour-week—which created a crescendo of complaints against BT's services and led to the first stirrings of interest in an alternative network.

That alternative is now almost operational and has already asked BT for the first of the three levels of interconnection it requires at Longacre. The news that Mercury may not be ready for another "week or 10 days" causes a few chuckles at POEU headquarters where they have been waiting for the "advice note" for the

work to be delivered for over six weeks.

Mercury strenuously denies it has been dragging its feet or shying away from a showdown with the union. BT, which has made no secret of its hostility to Mercury, will have to bear the brunt of the problem but also now claims to be ready for the go-ahead. Mr Pat Haville, deputy general manager of BT's London North Central Area, which covers Longacre, said: "We do expect a bit of trouble, but the interconnect will certainly be made."

But another senior BT manager admitted that it was "rather a pity" that the Longacre office was covered by the POEU's militant London North Central internal branch. The POEU leadership would echo those sentiments. They have already

had to slap the branch into line when it over-enthusiastically decided not to provide Mercury with 30 ordinary BT lines.

The level one and two interconnects do not give Mercury access to the public telephone network and are in essence similar to the common private links between the different offices of large companies. Level one, which connects Mercury's microwave radio system to BT maintained switchboards, saves Mercury's customers from having to buy a new set of phones and undergo an expensive rewiring job and is thus commercially important.

Level two simply involves linking Mercury to its customers via BT leased lines. It is only at level three (not due for two years)—which gives

access into and out of Mercury through the public network—where interconnection becomes absolutely essential.

But Mercury is not going to postpone the interconnection issue for two years. The POEU is also unlikely—at least at local level—to wait for the level three interconnect, before blocking the union believes the initial interconnect will provide a showcase for Mercury and also fears that much of the consequent interconnect work could be done through software changes.

Mr Bryan Stanley, POEU general secretary, says the union has nothing against competition but it must not be "parasitical" on BT's own network. He is equally concerned, however, that the carefully controlled anti-privatisation campaign is not upset by an

explosion of unrest over the comparatively minor Mercury issue.

The union leadership feels threatened by privatisation, threatened by other unions (an ASTMS official compared the POEU attitude to Mercury with that of the liberal establishment towards the birth of ITV) and threatened by an industrial left-wing bruising for a fight.

The silent majority at London North Central branch may yet prevent the action on interconnection spreading beyond a token gesture. If they don't the executive will face a real problem. As one senior POEU official said: "Once they're out how do you get them back when there's no room for compromise. Either Mercury is connected or it is not."

David Goodhart

Men & Matters

Fireproof films

As the money rolls into the box office the film Gandhi is raising sales in a great many business enterprises linked in various ways to the commercial fortunes of the epic.

One of the very few to have already taken his profit is Richard Barry, managing director of the Fireman's Fund Insurance Companies entertainment industry division.

He insured the making of the \$20m film for a premium of several hundred thousand dollars. He has now been able to close his books with a good profit after a production programme which was remarkably trouble-free considering the difficulties that faced producer-director Sir Richard Attenborough on location.

The improbably named Fireman's Fund now insures more than 70 per cent of the films made in the western world earning a fee income from the business of some \$30m a year.

The film division of Fireman's Fund is headquartered among the stars and near the studios in Beverly Hills, Los Angeles. By the way, the name recalls the early days of the company when Americans paid into a mutual fund for the provision of fire protection from privately-financed fire stations.

Nowadays the company is a subsidiary of American Express. I tracked down Barry to Pinewood Studios, London, where he was discussing details of insurance cover for the production of the new film Supergirl.

Having profitably provided cover for the British production Charlots of Fire as well as Gandhi he is disposed to be almost lyrical about the current resurgence in British film-making.

He says, "I think a lot more films will be made commercially as well as artistically successful are going to come from

British studios." Some 15 per cent of the Fireman's Fund film cover is now for British and Australian productions and he is expecting the figure to grow.

For the time being he is happy to be insuring Supergirl and two projected James Bonds at premiums averaging between 3 per cent and 31 per cent of the net film budgets.

Small business

Reader G. A. Campbell of Derby was attempting to repair a desk bought from Habitat as a Christmas present.

His five-year-old daughter asked, "It isn't Father Christmas's fault is it? To which he replied, "Of course not, dear. It's Sir Terence Conran's."

Daughter looked puzzled, "Oh, is he one of Father Christmas's dwarfs?"

Memory test

If you have trouble remembering the names or initials of everyday chemicals such as polypropylene or pvc then pity the poor chemist who, according to the magazine Science, must now cope with 1,000 new ones every day of his working life.



"My client managed to go straight until the start of the probation officers' strike this morning."

recent inflation in the business of inventing new chemicals. It comes as a relief to learn that most of the chemicals are in the nature of being collectors' items. Only about 63,000 are reckoned to be in common use.

Postal bargains

Irish businesses which have been hoping to save on their postal costs by nipping across the border to take advantage of the Royal Mail's lower rates are facing an unexpected problem.

The Irish Post Office has activated an obscure law "The Post Office (Evasion of Postage) Act of 1937, to stop them. The Irish authorities are empowered under the Act to seize mail posted outside the country with the intention of avoiding postage when delivered inside.

Firms along the border have been taking full advantage of the difference sending messengers across with their mail.

Now 100 letters posted by a firm in Monaghan just inside the Irish Republic have been seized and the Irish postal authorities are demanding that the firm pays the postal difference before it will deliver.

But even this story of official avarice has a silver lining—for some. Most of the letters seized were bills. With intended recipients are reported to be very happy at their government's action.

Pop art

The prospect is that plentiful helpings of codswallop will be dished up between now and the General Election.

But I have been warned to choose my words carefully. An FT man at this week's brewing exhibition at Birmingham has been told that to use codswallop as a term of abuse is to malign an enterprising Londoner, Hiram Codd.

In 1870, Codd patented a soft drinks bottle with a glass marble in its mouth to keep in the fizz.

"So universal did the Codd bottle become," says the National Association of Soft Drink Manufacturers, that the name Codd became synonymous with soft drinks... Hence beer drinkers' scathing remarks about Codd's Wallop.

Poor response

An Andorran was telling a friend, "In church last Sunday the priest was saying that the wealthy should give to the poor. And already there's been a response—the poor say they will accept."

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REAGAN'S PUBLIC STANDING

The defence doubts mount

By Reginald Dale, U.S. Editor in Washington



Reagan's performance rating has started to edge upwards. Earlier this month a poll, for the first time in many months, put him just ahead of his two current main Democratic rivals if he runs again in 1984.

"WANTED: Wisdom and Honesty" demands an increasingly dispirited, dated postcard propped against the White House railing. Its text: "We need a leader who has maintained a month-long vigil at the rough Washington equivalent of London's Speaker's Corner, is curiously bent in time and very much out of tune with the mood of the nation. Three months into the second half of his four-year term, Americans remain divided, and are becoming increasingly disillusioned about President Ronald Reagan."

Honesty is the top characteristic that the vast majority of Americans still ascribe to Mr Reagan, whether they agree with his policies or not, according to a recent poll.

His simple, genial California-style straightforwardness does not appeal to East Coast intellectuals, or indeed to intellectuals anywhere—Mr Reagan has never made any pretence of belonging to their ranks.

But few of even his most bitter American opponents react to him with the shrill, hysterical mixture of fear and contempt that he seems to evoke so widely in Western Europe. An increasing number of Americans now oppose the scale of his arms build-up and believe that war is becoming more likely.

It would be hard, however, to find an American who seriously believes he is planning a nuclear conflict.

Outside the nation's decaying industrial centres and its depopulated, mainly coastal cities, Mr Reagan's patriotism and his attachment to simple homespun values continue to strike a deep chord in a nation that believes it is the best and greatest on earth. He has therefore, he believes, the right and the obligation to be the strongest.

His appeal to the gut instincts of a vast section of the white American public, especially among the growing populations of the Mid-West, the South, the South-West and the West, has helped to sustain him through the worst recession since the great depression of the 1930s and a post-war unemployment—unemployment in a way that an unpopular President could never have got away with. It is true that approval of his performance as President sagged sharply around the turn of the year.

Since January, however, Mr

Reagan's performance rating has started to edge upwards. Earlier this month a poll, for the first time in many months, put him just ahead of his two current main Democratic rivals if he runs again in 1984.

The picture remains confusing. While trusting and approving of him personally, most Americans disapprove of at least some of his specific policies, whether military, social or economic.

The evidence that recovery is on the way, if only with moderate vigour, is now virtually unmistakable, but Mr Reagan has not yet succeeded in convincing the majority of the voters that his economic policies have worked. Unemployment remains the prime concern in the country as a whole.

As presidents have often done in their third year—traditionally deemed vital for re-election prospects—Mr Reagan is now turning the spotlight away from domestic affairs and onto foreign and international security problems that political advisers often, rather strangely, seem to think are somehow "easier."

The problem for Mr Reagan is that the two main foreign policy issues with which he is confronted—the Middle East and Central America—are

Reagan rode to victory in 1980, has ebbed—no longer replaced by agonising anxiety over jobs (an astonishing 43 per cent of American households are estimated to have been touched in one way or another by dismissals, lay-offs and shorter working hours) and the rising tide of the nuclear "freeze" movement, which is now lapsing round the steps of the Capitol itself.

Mr Reagan is totally convinced that his overriding mission as President is to re-arm America, so as to bring the nation back to the position of at least equal No 1 superpower with the Soviet Union and preferably to absolute superiority. Rather than compromise, he has chosen to confront both the "freeze" movement and the defence budget-cutters in Congress head on. The tactic is almost certain to be counter-productive.

His hardline approach, shared and encouraged by Mr Casper Weinberger, the Defence Secretary, has virtually ensured that he will get a smaller increase in the defence budget than he could have settled for by compromising and at the same time is encouraging the public perception of him as a "warmonger"—a perception that has only been reinforced by last month's misguided Star Wars speech and his belated description of the Soviet Union as an "evil empire."

Random interviews with Americans from all parts of the country in the past week have only reaffirmed the message that is being drummed home by the opinion polls and by members of Congress who have recently visited their constituencies—there is a rapidly spreading grassroots revulsion against the arms race in general and Mr Reagan's combative defence spending plans in particular.

The manifest imbalance between defence spending increases and domestic spending cuts is making previously loyal Republicans in Congress and the House and more uneasily so in the Senate. The last week has seen the unusual spectacle of Republican members of the Senate Budget Committee openly defying the President on his 1984 budget and House Republicans have rebelled against his policies on Central America.

The inescapable conclusion is that they are deliberately distancing themselves from Mr Reagan before presenting themselves to their own electorates—although, it is notable that most of the rebels come from declining industrial areas in the North-East, where unemployment is highest and social spending cuts hurt the most. The Democrats are licking their lips at the prospect of a split Republican Party in the Senate, which could allow them to dominate both Houses of Congress in the pre-election period.

It is far too early, however, for the Democrats to snook the champagne. Opinion polls have consistently shown over the past two years, and still show, that while the electorate disapproves of many Republican policies, it does not think much of the Democrats, either.

Many of their traditional supporters, notably women and blacks, are warning the Democratic leadership that it can no longer automatically count on their support. And Democratic presidential hopefuls like Mr Mondale are increasingly being forced to take protectionist positions to carry the trade unions. Mr Harold Washington's remarkable success in becoming the first black mayor of Chicago this month has put further strain behind the controversial idea of running a black presidential nominee in the Democratic primaries. That could split the liberal vote, and ultimately perhaps cause blacks to stay away from the polls in the presidential election if they feel frustrated by the outcome.

The major unresolved question, however, is will Mr Reagan run again? He has almost certainly not yet finally made up his mind, and is unlikely in any case to announce his decision before the autumn. But all the signs are that he wants to—subject to considerations of his health and his assessment of his prospects of winning.

Most Washington pundits believe that he has a good chance of winning if he runs. Mr Mondale's advisers openly admit that he would be "a hard man to beat." The man with the red beard may have to face the gruesome prospect of nearly six more years of demanding wisdom and honesty on the pavement of Pennsylvania Avenue.

British banks

Some myths about bank profits and taxes

By Dr Jeremy Edwards and Dr Colin Mayer

IN HIS Budget speech of March 1981, the Chancellor of the Exchequer announced that since "the last year has seen further high banking profits, probably at a level not very different from the record profits of 1979," a windfall levy of £315m would be imposed on the clearing banks. So a Government desperate for revenue found itself reluctantly drawn into a debate about the profitability of the banking sector. It is clear that this is an issue which will haunt the City and the Government for some years to come.

If the Government sought any serious justification for this extraordinary taxation, it was based on a popular conception of a banking sector making "obscene" large profits and paying disproportionately little mainstream corporation tax. This combination of circumstances results from the banks' ability to claim capital allowances on assets—usually plant and machinery—that they buy and then lease to other companies thereby eliminating much of their mainstream tax liability. Furthermore, the common folklore continues, these allowances are being claimed on assets that manufacturing companies are using and that were never intended to benefit the banking sector at all.

A serious consideration of these assertions raises two questions: first, is it true that banks have been earning excessively high profits and, second, have they been employing leasing activities to their advantage? It is well known that banks enjoy an "endowment effect" during periods of high interest rates by lending at an interest rate above that at which they borrow. Conversely, when interest rates are low, bank earnings are depressed. These highly volatile movements invalidate an assessment of the profitability of the banking sector over a short period of one or two years and encourage the sort of misleading statements that the Chancellor made in his Budget speech.

Instead, in our report "Examined bank profits over the nine years from 1973 to 1981,"

being careful furthermore to correct for distortions resulting from inflation and taxation. The conclusions that one draws are dependent on the precise definition of profitability employed, impression created is of a banking sector earning returns which are in line with those in the industrial and commercial sector as a whole. There is therefore no support for the claims that banks are "obscene" profitable.

On leasing, the observation that banks have been able to eliminate their taxable profits fails to take account of the fact that banks have at the same time been charging correspondingly low lease rental rates. For, by charging a lease rental below the prevailing interest

The shortfall to the Exchequer could have been more than twice the windfall levy

rate, the lessee is indirectly receiving some of the capital allowances associated with the investment expenditure. To determine the extent to which banks have gained from leasing it is necessary therefore to establish the division of the benefits between lessor and the lessee.

Using data on 100 lease contracts initiated between 1977 and 1982, we computed the value of the contracts to the lessors and lessees in relation to an equivalent loan. The total benefits to be claimed from leasing are dependent on the tax position of the lessee but what we found was that, assuming the lessee to be permanently non-tax paying, around 80 per cent of the benefits appear to accrue to the lessee and just 20 per cent are retained by the banks.

Again, a superficial assessment is highly misleading for it fails to reveal the true position that a majority of the capital allowances associated with leasing is being passed on to the ultimate users of the capital and only a small proportion is being retained by the initial claimants, the banks. Folklore therefore fares

Letters to the Editor

Legislation on trade mark protection

From Mr L. Boffin.
Sir, the private Member's Bill was introduced which will create service mark protection under the UK Trade Marks Act. I have been surprised at the spontaneous interest and support for the Bill which has been evidenced to me.

It is with astonishment therefore that I learn that the Government is taking the position that there is no particular evidence of support or need for this legislation. I have had ample experience of the tremendous advantages of this type of protection for U.S. commerce. I also have practical experience of the detrimental effect on British commerce when it comes to expanding into the United States because of the lack of this legislation as compared to

the situation for German commerce.

The Government has stated that there is Common Law protection but this is a non-sequitur since there is also Common Law protection for trade marks of any type and it was precisely because of the inadequacies of such protection that trade mark legislation was originally enacted. On the Government reasoning we could abolish all trade mark legislation rather than undertake the logical expansion.

We have been advised that proposed legislation would cause some difficulties in the Trade Mark Registry. Only a very small number of people will be required to implement this legislation. For a Government committed to good man-

agement it seems extraordinary that it has to admit that it is unable to organise the necessary management for such a small change in a relatively substantial organisation. The Trade Marks Registry has had its difficulties but has been valiantly overcoming them so that by the time this legislation is enacted, the present difficulties should not present any further problem.

The Government and the Prime Minister have committed themselves to assisting innovation in British industry and commerce—it seems a pity that they are so lacking in enthusiasm for the practical implementation of protection of this aspect of innovation.
Iain C. Radley,
High Holborn House,
53-54, High Holborn, W.C1.

Statutory sick pay

From the National Chairman, National Federation of Self-Employed and Small Businesses
Sir, I note (April 20) that the Government is crowding over the fact that it is all set to save £90m a year from the statutory sick pay scheme.

No one has yet worked out the cost in monetary, administration or harassment terms as far as the employer is concerned but, needless to add, it will be at least this figure, if not more. It is for this reason that the Federation has fought this tooth and nail.

Dr Bernard Juby,
Parliamentary and Press Office,
45 Russell Square, W.C1.

A bank that won't take money

From Mrs A. Scott.
Sir, I have an overdraft with a bank. On two occasions I have tried to repay the overdraft in full—on both occasions the bank has refused to accept repayment. Meanwhile the bank continues to add interest to the account.

Obviously since this matter has continued for over two years, I wish this matter resolved. How can I do this?

A. P. Scott (Mrs)
2, Dodds Crescent,
West Byfleet, Surrey.

Half the population can't be wrong

From Claire Gobbi
Sir, Your correspondent Larry Klinger commenced a paragraph in his article (April 19) on farm prices with the words "Only West Germany, Britain and the Netherlands are reluctant to consider increases." Perhaps he ought to take into consideration that he is talking of a population of 50m in the UK, 60m in Germany and 16m in the Netherlands—i.e. 132m out of a Community of 270m—i.e. 50 per cent.

Should he not be more positive therefore, and say that half the population of the EEC is opposed to increases in spending on agriculture?

In the formation of public opinion—and the FT plays an important part in this sphere on the European scene—precise language is of the essence.
Claire H. G. Gobbi,
Rue des Deux Eglises 117,
1040 Brussels.

Conversely, lower rates mean higher land values.

The rent of land is a residual and captures what is left after the other expenses in the occupation of land have been met. This was exemplified in the "Fares fair" scheme when property prices began to rise in those areas where commuter fares were substantially reduced.

The real battle of the rates is between those who want to keep property (land) prices up and those who want to keep them down.

The advantages of the present system would be extended by a tax levied directly upon land values and would have the additional advantage that the burden of extra rates inflicted upon people who improve their premises would disappear.

V. H. Blundell,
63, Oaklands Avenue,
Brookmans Park,
Hatfield, Herts.

It is people who matter

From Mr S. Reiss

Sir, Anthony Thorncroft is surely a little unkind to the artist (April 23) who says of an attractive portrait of a young girl "Is it late-18th century or much earlier? Who cares: what matters is its charm." Isn't this like enjoying a good meal and remaining firmly indifferent as to who cooked it? It would be a sad day if we lost all sense of obligation to discover the identity of those who have helped make our life more enjoyable simply because they are dead.

Stephen Reiss,
10, Market Cross Place,
Aldeburgh, Suffolk.

A tax on land values

From Mr V. Blundell

Sir, Mr Lawrence Linehan in discussing local rates (April 22) makes a strong case for levying local taxes on land values and rejects a local sales tax, but there is more to a change in the rating system than an option between sources of revenue. What has to be considered is the economic effect of abolishing the present system and replacing it with any of the other options. Present rates, indirectly, clumsily and partly, rate land values and in the long term higher rates under the present system always mean lower property prices and rents.

One of the most important things to consider when buying a truck.

Selling it.

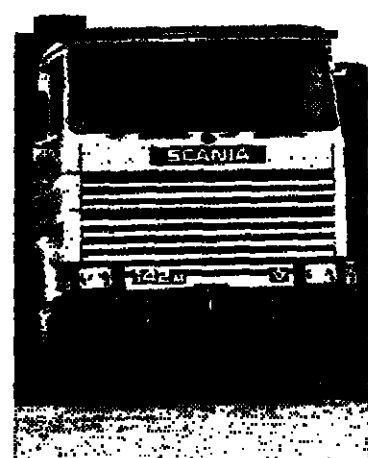
As long as a truck keeps its running costs down, it'll keep its resale value up. So the truck you buy should be researched, designed, developed and made to the most exacting standards created by men, computers and advanced technology.

A Scania is. And tested to meet the world's most demanding safety regulations.

A Scania is. And totally built to run reliably on and on—day in, day out, year after year, with maximum efficiency, minimum maintenance.

A Scania is. Not to mention being good enough to rate total sales and service support at home and abroad.

A Scania is. So while you're initially buying a truck to do a job, remember this:



A Scania represents the best investment you money can buy. The best return comes the day you sell it. After all, as members of the Saab-Scania group of companies, we've been making trucks for over 80 years. Today, we're one of the world's largest truck producers, selling worldwide. All of which has helped to make a Scania truck what it is today. Rugged, reliable, fuel-efficient, super strong, super safe.

What's more, we're always ready to prove it.

SCANIA
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Kuwaiti to sit on Hoechst board

By John Davies
in Frankfurt

HOECHST, one of West Germany's "big three" chemical companies, is proposing to appoint a high-ranking Kuwaiti businessman to its supervisory board.

The Kuwait Government oil concern is the biggest single shareholder in Hoechst, with a stake of just over 24 per cent.

It was long rumoured that the Kuwaitis were buying into Hoechst. That was confirmed last year with the news that they had built up a stake over two years.

The Hoechst supervisory board is recommending that the shareholders' meeting on June 14 elect Mr Abdul Baqi Al-Nouri to the supervisory board. He is the chairman and managing director of the Petroleum Industries Company of Kuwait.

In the West German corporate structure, a supervisory board - including some worker representatives as well as shareholder representatives - oversees the wide-ranging policies of its companies.

Day-to-day activities are run by a management board consisting of a chief executive and other executives responsible for various departments.

While the chief executive frequently wields the main authority in a company, the supervisory board can dismiss him.

Generally the advantage in formulating and pursuing company policy lies with the chief executive, although there have been cases where a strong personality on the supervisory board has brought about far-reaching changes.

A Hoechst representative said yesterday that the company and its Kuwaiti shareholder envisaged from the beginning not only Arab financial participation but also active co-operation. The proposed Kuwaiti appointment to the supervisory board was a step in that direction.

Arab interests are widely believed to have built up a considerable stake in West German industry in recent years as an outlet for their vast oil revenues.

Kuwait, for instance, also has a 20 per cent stake in Metallgesellschaft, the metals, process plant and chemicals concern, and a stake of about 14 per cent in Deimeler-Benz, the motor vehicle manufacturer.

Metallgesellschaft elected to its supervisory board Mr Abdulmalik M. Gharabally, an executive of the Kuwait Petroleum Corporation.

Despite their large investments, the Arabs have tended to keep a very low profile in the West German business world.

There is some speculation, however, that they may be a little concerned about the yield on some of their investments.

Sandoz expands its pharmaceuticals side, Page 13

U.S. may send special envoy to El Salvador

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan is expected soon to announce the appointment of a special American envoy to supervise the elections planned for December in El Salvador, in a bid to head off a mounting Congressional rebellion against his Central American policies.

The White House said yesterday that no final decision had been taken, but that the announcement might be made in Mr Reagan's major address to a unusual joint session of both Houses tonight.

Mr Reagan is to use the speech to launch a vigorous defence of his request for additional urgent military aid for the embattled U.S.-backed El Salvador Government and justify the Administration's support for the right-wing rebels fighting the

Sandinist Government of Nicaragua.

The appointment of a special envoy was requested by Mr Clarence Long, a Maryland Democrat, who is chairman of the key House of Representatives appropriations subcommittee on foreign operations.

The committee was to vote later yesterday on \$50m out of the total \$110m that Mr Reagan has requested.

The remaining \$50m has been voted down by the Democratic-controlled House foreign affairs committee, but has still to be considered on the House floor and in the Senate.

Congressional aides said that Mr George Shultz, the Secretary of State, had already committed the

Administration to the appointment of senior presidential envoy of ambassador level, in a draft letter to Mr Long's committee. Mr Long has asked for an envoy of similar status to that of Mr Philip Habib, Mr Reagan's special Middle East negotiator, as a condition for releasing the extra funds.

The main mission of such an envoy would be to help to arrange the elections so that all parties to the conflict could participate. Democrats would also like the envoy to try to initiate direct negotiations between the Government and the left-wing guerrillas who are trying to overthrow it.

El Salvador's shattered society, Page 4; Reagan's public standing, Page 11

UK set for big Algeria trade deal

By Francis Ghiles in London

BRITISH companies negotiating civil and military contracts with Algeria are poised for a breakthrough which seems likely to upset the Soviet Union, hitherto Algeria's principal arms supplier.

In a highly competitive market that has recently seen successes by rival Western countries:

● Brooke Marine, a subsidiary of British Shipbuilders, has secured orders for two fast patrol boats and two landing ships worth a total of \$20m (\$12.4m).

● Pauling, the civil engineers, are close to concluding an agreement for the construction of 30 vocational training centres, a deal worth \$20m.

● The Algerians have expressed interest in British Aerospace's Hawk light attack trainer aircraft and in helicopters, patrol submarines and salvage tugs. Main competition over the Hawk deal, which alone could be worth \$20m, comes from the French and German Alpha Jet, made by Dassault and Dornier.

● Plessey, Racal and Marconi are keen to meet Algeria's radar defence requirements, for which potential contracts are worth at least £100m.

The Export Credits Guarantee Department, reflecting the UK Government's determination to see Britain enter a lucrative market, is prepared to provide cover for \$500m in military contracts and £700m for civilian construction.

This financial backing is a crucial part of two memorandums of understanding now being drawn up between the two governments.

All these contracts, if brought to a successful conclusion, would represent a major breakthrough in a country where British companies have traditionally been little represented.

British goods accounted for only 3 to 4 per cent of Algeria's \$11bn worth of imports last year. France took 25 per cent and other Western countries, such as the U.S., West Germany, Italy and Japan, have shown a dramatic increase.

On the defence front, the Algerian market has been dominated by the Soviet Union. But since President Chadli Bendjedid succeeded the late Houari Boumedienne in 1979, senior Algerian officials have conducted discreet negotiations with potential Western suppliers.

The country's defence budget has increased substantially over this period, from \$600m in 1979 to \$900m in 1982. Algeria has enjoyed higher oil and gas revenues, and President Chadli has been keen to diversify sources of defence supplies in a bid to buttress his policy of non-alignment.

Development of the oil and gas resources of the United Kingdom 1983; Department of Energy; SO; £5.95

UK reduces estimate of oil reserves by 730m barrels

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

THE British Government has scaled down its estimate of the UK's ultimate oil reserves by 100m tonnes (730m barrels) - the equivalent of about a year's production.

The value of oil wiped from official reserve estimates, at today's prices and exchange rates, is about £1.4bn (\$2.2bn). But the new figures, published yesterday by the UK Energy Department, show there could still be between 1.5bn and 3.7bn tonnes of oil in present and future discoveries waiting to be exploited.

That would be sufficient to sustain the current level of UK production for 15 to 36 years.

About 480m tonnes of oil has been produced on the UK Continental Shelf from the 2m to 4.2m tonnes of initial recoverable reserves. Last year the Energy Department estimated these total reserves to be between 2.1bn and 4.3bn.

Since 1975, the amount of oil in

UK prospects appraised and awaiting exploration has been downgraded by more than 17 per cent.

But Mr Hamish Gray, Minister of State for Energy, said the wide range of estimates published by the UK Government reflected the difficulty of accurately predicting how much oil and gas remained.

"The Department's figures are always conservative, and it would be surprising if improvements in recovery techniques will not lead us to a position which is on the higher rather than lower side of the estimates," Mr Gray said.

The reserve estimates are contained in the latest Brown Book report on offshore activity which demonstrates the importance of North Sea oil and gas to the UK economy.

● Capital spending on exploration and production totalled £3.1bn last year, some 25 per cent of total UK industrial investment.

● Oil production in 1982 reached a

record 103.3m tonnes (2.1m barrels a day), a 15.5 per cent increase on the previous year. Annual output is expected to be between 95m and 125m tonnes over the next four years.

● Government revenue from North Sea taxes and Royalties totalled £7.5bn in the 1982-83 financial year, against £5.4bn in the previous 12 months.

● The total value of orders reported by operators of oil and gas development work was £2.28bn last year. UK suppliers of equipment and services won 73 per cent of the orders in value terms.

Mr Gray said he expected the level of expenditure to be maintained, given the resurgence in North Sea development activity.

Development of the oil and gas resources of the United Kingdom 1983; Department of Energy; SO; £5.95

Sotheby's bidders lift stake

BY CHARLES BATCHELOR IN LONDON

THE TWO U.S. businessmen who have made a £81m (\$95.5m) bid for Sotheby's, the fine arts auctioneer, increased their stake to "well above 20 per cent" yesterday from Monday's level of 16.9 per cent.

Enough shares were offered to take the holding of Mr Stephen Swid and Mr Marshall Cogan to 29.9 per cent, the maximum permitted under the City of London's takeover code, but they had decided to accept fewer shares to hold the price down to 510p - 10p below the bid price.

As Mr Swid and Mr Cogan tightened their grip on the company Sotheby's issued a detailed defence of its own position, promising a return to profit this year.

Sotheby's board, and its advisers,

S. G. Warburg, the merchant bank, described as "breathtaking" the claim by Mr Swid and Mr Cogan that they could help re-establish the company's financial standing.

Sotheby's said that savings in operating costs had enabled it to reduce slightly its trading loss in the six months ended February 28 1983 from the comparable 1981-82 period despite a fall in the value of auction sales from £143.3m to only £108.9m.

Annual cost savings of £5m have been achieved and Sotheby's break-even point has been sharply reduced, it said. Even at sales levels significantly below those of two years ago profits would surpass past records, it said.

Sotheby's singled out the high levels of borrowing that General

Felt Industries/Knoll International, the U.S. businessman's manufacturing companies, would have to take on to finance the deal.

It also said that the two occasions on which the U.S. Securities Exchange Commission brought proceedings against Mr Cogan "raised an issue as to Mr Cogan's fitness to control an auction business." One case was settled by a consent decree, implying no acceptance of guilt, and the other resulted in no order against Mr Cogan.

Morgan Grenfell, the merchant bank which is advising Mr Swid and Mr Cogan, said they were only buying shares in London although up to 40 per cent of Sotheby's shares are held in the U.S.

Soares faces the problems of victory

Continued from Page 1

days. These range from anti-corruption incentives to small companies and from larger social security benefits to family planning.

● Financial. Portugal needs substantial help with a balance-of-payments deficit which is expected to reach \$2.5bn this year - more than 10 per cent of the gross national product.

After especially difficult negotiations, a \$300m syndicated Eurocredit is on the verge of delivery, but far more funds will be needed from foreign sources this year.

Banker confidence appears to be trickling back after the victory of a moderate Socialist party, but it is contingent on Mr Soares's being able to put together a government rapidly with estimable chances of serving its four-year term.

● Industrial. In their campaign the Socialists promised a social pact, so as to avoid unrest when austerity begins to bite. But the Communist party, which dominates the majority of Portuguese trade unions and which the Socialists have been unable to match in the labour sphere, has indicated that it is not going to make Mr Soares's task easy.

Socal ahead by 35%

BY WILLIAM HALL IN NEW YORK

STANDARD Oil of California (Socal) increased its first-quarter net income by 35 per cent to \$310m and the group's earnings per share rose from 67 cents to 91 cents.

Socal's results, although compared with a depressed 1982 first quarter, were better than many analysts had expected and yesterday the shares moved sharply higher.

The company says that the improved performance was the result of lower costs of crude oil, reduced exploration expenses and the firming of petroleum product prices at the end of the 1983 quarter.

Socal's revenues in the latest quarter totalled \$7bn, against \$10bn a year ago.

First quarter figures were boosted by a \$50m benefit on inventory drawdown

Grupo Alfa debt move

BY WILLIAM CHISLETT IN MEXICO CITY

GRUPO Industrial Alfa, Mexico's largest private industrial concern, which is struggling with a \$1.6bn external debt crisis, has won a major concession from the Government in its efforts to restructure its debt and sell many of its companies.

Alfa told its international creditor banks at a meeting in New Orleans

last week that the Government had agreed in principle to convert a P-50 12bn (\$80.5m) loan to Alfa companies by Banobras, the public works bank, into preferred stock in the new streamlined holding company which Alfa is to set up. Alfa will be able to redeem the stock.

Mexico's growing bond market, Page 14

U.S. Steel reports loss of \$118m in quarter

BY RICHARD LAMBERT IN NEW YORK

U.S. STEEL lost \$118m in the first quarter of 1983, compared with net income of \$80m in the corresponding quarter of 1982, after heavy losses in its steel operations and a sharp profits fall from its oil interests.

The company, which is the biggest U.S. steel producer, said the figures represented a substantial improvement over the final three months of last year, when heavy write-downs took the net loss up to \$368m.

Steel operations lost \$233m in the three months, against a loss of \$24m a year earlier. Mr David Roderick, group chairman, said, however, that compared with the latter part of 1982 the figures reflected the benefits of lower costs, a modest improvement in shipments, higher operating rates and the favourable impact of the labour contract which came into effect on March 1.

Operating income at Marathon Oil, the major energy business acquired by U.S. Steel at the beginning of last year, fell from \$21m to \$43m.

Mr Roderick said margins on refined products, however, should recover to more normal levels in the second half of the year.

Earnings from the South Brae field would "materially improve results from this segment" after the project came into production in July.

The latest losses would have been higher but for a substantial increase in the accounting gains on inventory liquidations over the year and a rise in capital gains on the disposal of assets.

Mr Roderick said the outcome of the group's discussions with the state-owned British Steel Corporation on a joint venture to convert semi-finished steel was still unknown.

Barclays to raise \$400m in U.S.

Continued from Page 1

est coupon and priced at 90 to yield 14.82 per cent.

National Westminster Bank, which is also Tri-ple-A-rated in the U.S. market, last November issued \$100m of 20-year Yankee bonds bearing a 12 1/2 per cent coupon at 99.58 to yield 12.17 per cent. At the time NatWest raised the funds at 130 basis points (1.3 per cent) over equivalent U.S. Treasury paper.

Yesterday's Barclays deal was at 104 basis points above the Treasury level.

The Barclays \$400m issue has been lead-managed by Goldman Sachs, Lehman Brothers Kuhn Loeb and Salomon Brothers. Each

of these three investment banks has underwritten \$80m of bonds.

In all, there are 79 U.S.-based underwriters in the deal. The second tier of such banks includes First Boston, Merrill Lynch and Morgan Stanley, which each underwrote \$8m. An additional 18 houses underwrote \$0.5m each, 42 others took \$3m underwriting stakes and a further 13 some \$1.3m piece.

The Barclays issue is rare for the New York market, which has seen very little long-term fixed interest rate financing by banks since 1977 when they raised \$1.4bn. Between 1978 and the end of 1980, Goldman Sachs reports that banks raised a

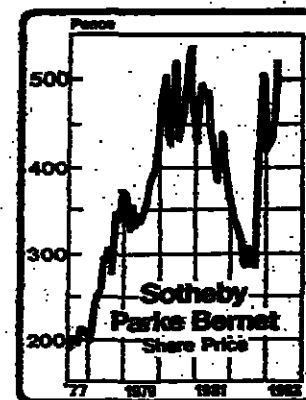
total of \$325m of fixed-rate, long-term debt in the U.S. market. Last year, three banks, headed by National Westminster, raised a total of \$275m.

Consequently, Barclays's issue represents more long-term bank financing at a fixed rate than was raised in 1981. The reasons banks have been so loth to raise the money is because of high interest rates and the high spreads they were forced to pay over comparable government issues which at one point stood at some 250 basis points.

Over the last few months, U.S. interest rates have fallen

THE LEX COLUMN

Philosopher's stone at Tarmac



Several years ago, when the quarry group Hoveringham was investigating which computer system to install, it turned to an avuncular Tarmac for advice. Tarmac, perhaps not surprisingly, proffered a glowing testimonial of its own system - a recommendation that was faithfully followed. As a result, when Tarmac subsequently acquired Hoveringham towards the end of 1981 it was able to integrate its operations with its own in a matter of weeks. The results of such rapid absorption shine through the figures for 1982, in which pre-tax profits have risen 32 per cent to \$88.1m.

Getting on for half the £16.5m increase in profits at the trading level can probably be attributed to Hoveringham, loss-making when taken over. Cutting out overheads has produced part of the boost, while a better geographical spread of quarries has reduced distribution costs right through the division. After £10m of disposals Hoveringham cost Tarmac £38m. It seems to have obtained a return on capital of more than 20 per cent in year one.

In other divisions pressure on volume has tended to feed through to sluggish profit performance, albeit with some notable exceptions. Construction profits have been rising strongly and the trading figures have been augmented by a rise in contract pre-payments.

The overall picture is changing fast in the current year, with volume coming through strongly to boost margins, particularly in the quarrying, building products and housing divisions. In housing the group has been able to cut out sales commissions such as reciprocal home purchase, and volume should rise from 5,000 units to at least the 6,000 target figure.

The shares put on 8p yesterday to 444p. This year's £44m pre-tax seems on the cards, producing a p/e below 15 fully-taxed. But with a rise from 73p behind it over the last four years, the temptation to take profits has been undermining the recent price performance.

Sotheby's Appendix III of Sotheby's defence document catalogue Mr Marshall Cogan's 1974 brush with the SEC in detail. Several painstaking disclaimers implicitly ask shareholders not to read too much into the episode, but the whole document is infected with a spirit of disdain for the two private U.S. bidders which shareholders are invited to under-

write by foregoing the 520p on offer for each of their shares.

The financial arguments for doing so are less than overwhelming. An undisclosed loss in the first half Sotheby promises to recover this and more in the second six months on the back of a strong recovery in auction sales volume. It also claims to be regaining the market share lost in recent months to arch-rival Christie's. For good measure, the company holds out the glittering prospect of record profits at some undefined period in the future.

These arguments underline the reduction in the group's overheads over the last year or so. But they fall a long way short of pointing to the kind of performance necessary if the Sotheby's share price is to stand anywhere near the 520p level of the Knoll bid. The best that the Sotheby's board can now hope for must be a reference to the Monopolies Commission, although the grounds for this are extremely hard to discern.

Clive Discount

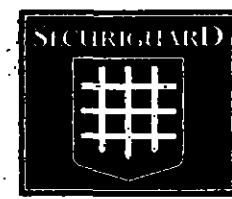
Clive Discount will regard the final exhaustion of tax losses as a small price to pay for putting the dark days of 1980 behind it. Even after a doubled 1982-83 payment, the 1979 dividend is nothing like fully restored but, having accepted relegation to the second division, Clive is trading profitably in it. The second half-year to March was never going to produce the spectacular returns of the first six months, but Clive appears to have kept its book commendably short in November and January, leaving it able to report a 70 per cent increase in net profits to £1.85m. Yet the doubts about the quality of Clive's business are still reflected in the yield which, at last night's price of 44p, stands at 10.9 per cent.

BET/Rediffusion

The document detailing BET's offer for the outstanding minority in Rediffusion serves, on the face of it, to confirm BET's old reputation as one of the least thrilling properties on the stock market. The deal itself is uncontroversial, the terms are almost exactly as expected and the offer is accompanied by estimates that the 1982-83 pre-tax profits of both companies will be almost identical to those of the previous year.

Furthermore, the market will take some persuading that the motive for the transaction is anything more dynamic than an attempt by BET to make itself less attractive and attainable to any of the many

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Wednesday April 27 1983

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BNP profits rise 11%
despite debt provisions

BY PAUL BETTS IN PARIS

BANQUE NATIONALE de Paris, France's largest bank, has reported an 11 per cent advance in consolidated group net earnings to FFfr 1.29bn (\$176m) last year from FFfr 1.16bn in 1981 despite a sharp increase in bad debt provisions and a disappointing performance by several foreign operations.

Bad debt provisions rose 29 per cent to FFfr 3.95bn compared with 1981. Provisions for sovereign state risks were doubled to FFfr 2.8bn in large measure to cover loans to Mexico, Brazil and Argentina.

Senior bank officials disclosed that provisions on Mexican loans amounted to FFfr 1.12bn to cover about 41 per cent of BNP's exposure of FFfr 2.74bn in Mexico.

Provisions on Brazilian loans amounted to FFfr 800m covering 17 per cent of BNP's exposure of FFfr 5.19bn in Brazil. Argentine loan provisions totalled FFfr 225m.

These provisions were all carried by the BNP parent company whose earnings declined 6.1 per cent last year to FFfr 551m. The decline reflected largely the heavier bad debt provisions.

M René Thomas, the bank's chairman, said the increase in consolidated net earnings was due to strong performance by BNP French subsidiaries.

Foreign operations, however, declined by 18 per cent last year compared with 1981. M Thomas attributed this decline to the problems of BNP's Canadian operations, difficulties in Hong Kong where BNP has expanded heavily, lower earnings in the U.S. and in the bank's operations in Spain.

He said BNP had lost FFfr 140m in Canada last year. He blamed the general lending environment in Canada but also acknowledged some bad deals by the bank. He suggested these were part of the normal course of building a presence in a new country.

Without Canada, M Thomas claimed BNP's foreign operations would have shown a 20 per cent increase last year over 1981 rather than a 16 per cent decline.

M Thomas also blamed French lending limits for forcing BNP to raise expensive funds on the market to maintain its domestic lending obligations. He said the bank's performance this year would inevitably be affected by the general low to zero rate of economic growth and the effects of the latest French Government austerity measures on the flow of savings and deposits.

Compared with its main international competitors, BNP's bad debt

and loan loss provisions are at the top end of the ladder.

A senior bank official said these higher provisions reflected BNP's lower equity capital. BNP's capital stands at around \$1.4bn compared with about \$4.8bn for both Citicorp of the U.S. and Barclays of the UK. As a result, the official explained, BNP had loan loss provisions of \$2bn compared with about \$680m for Citicorp and \$1.2bn for Barclays to make up for BNP's lower equity base.

The official also pointed out that, as a nationalised bank, BNP only had one shareholder. Moreover, it was highly unlikely that the French Government in its present financial straits would boost BNP's equity capital to cushion it against sovereign risks.

BNP's total group assets rose 21 per cent to FFfr 730bn by the end of December 1982 compared with FFfr 613bn in 1981.

France's state-owned financial holding group Paribas, which last month took majority control of the U.S. financial group Beebe has brought in M Hervé Pinet, Paribas director-general, to head Beebe's management board.

Paribas took 51 per cent of the group by buying out the stake held by S. G. Warburg.

Capital
increase
for Suez
group

By David Marsh in Paris

COMPAGNIE Financière de Suez, the state-owned French financial and industrial holding company, yesterday made clear that its capital has been raised in line with the need to carry out a range of restructuring operations assigned to it by the Government.

As announced last week, the company's capital has been raised FFfr 300m (\$41m) to FFfr 1.72bn through the conversion into shares of convertible Suez bonds held by the Government after last year's nationalisations.

The Government has decided to increase the capital of a range of non-nationalised banks and companies - including the electrical conglomerate Compagnie Générale d'Electricité and the financial holding group Paribas - by exercising its conversion rights on these groups' convertible bonds. The bonds had been owned by the Government since private shareholders sold to the state securities issued by banks and companies nationalised under last year's measures.

The Government converted the bonds into shares for juridical reasons. Suez said the conversion was not linked to its results for 1982, which before provisions showed a clear increase in profits. After what were last week described as "important" provisions, net profits fell to FFfr 249.8m from FFfr 338.5m. But operating profits rose to FFfr 356.2m from FFfr 295.5m.

Suez, like many financial and industrial groups in France, is widely thought to be under-capitalised by international standards. The Government has, therefore, seized on a way of increasing its capital which improves the group's financial position but does not involve the injection of fresh budgetary funds.

The restructuring operations in banking and industry which the Government has asked Suez to carry out include the takeover of the range of industrial and property shareholdings previously owned by the financially-troubled Rothschild bank; participation in a capital increase needed for loss-making Banque de l'Union Européenne, just absorbed into the Crédit Industriel et Commercial group, which is partly owned by Suez; and the injection of funds into the machine tools industry.

The two U.S. acquisitions will add nearly SwFr 250m to group sales, and partly as a result of this the U.S. share of group turnover will exceed the 1982 level of 23.7 per cent.

Bethlehem Steel shows
\$175m loss in quarter

BY WILLIAM HALL IN NEW YORK

BETHLEHEM STEEL, the second largest U.S. steel producer, made a first-quarter loss of \$175.2m against \$66.7m in the first quarter of 1982, but says it thinks the worst is over.

The group which had already forecast another substantial first-quarter loss, said that its shipments in the latest quarter rose for the first time in nearly two years.

Mr Donald Trautlein, Bethlehem's chairman, says that the group will probably sustain operating losses through the first half of this year "but we believe the worst of the current recession is over." Bethlehem Steel is forecasting domestic steel industry shipments of around 72m tonnes for 1983 compared with 61m tonnes last year.

In the first quarter, Bethlehem used 40.6 per cent of its capacity compared with 62.5 per cent a year ago. Its basic steel operations had operating losses of \$60m in the first quarter, some \$24m up on the year before.

The increased first-quarter losses occurred because of low levels of shipments and production and "unsatisfactory" selling prices. The company expects to generate cash during the remainder of 1983 from continued liquidation of inventories and the sale of certain assets coupled with "safe harbor" leasing transactions.

Projected capital spending for 1983 is between \$300m and \$350m against \$470.3m last year.

Eastern
Air Lines
deficit up

By Our New York Staff

EASTERN AIR LINES' net losses climbed to \$60.7m in the first quarter of 1983, compared with \$51.4m a year earlier. The financially pressed airline has already disclosed that its losses in the first two months of the year came to \$44m.

Mr Frank Borman, chairman and president, blamed the loss on unprofitable deep-discount fares, which the airline had been forced to offer during much of the quarter, and the settlement of a labour contract with wage increases backdated to January 1.

Losses in the period would have been greater but for a net gain of \$3.3m from the sale of tax benefits. There were no similar gains in the 1982 quarter. Operating revenues rose to \$968.7m, compared with \$908.4m in the first quarter of 1982.

Eastern is seeking a revision of certain loan agreements, and has warned that unless its creditors agree to modifications, it could be in default by next month.

Capitol Air said it expected its net loss for 1982 to be around \$20m, rather than the \$16m loss announced at the end of March. The increase was the result of additional charges in connection with write-offs.

Canadian Pacific
unit advances

By Our Montreal Correspondent

PANCANADIAN Petroleum, oil and gas arm of the Canadian Pacific Group, revealed a sharp gain in profits in the first quarter.

Net income was \$368.2m (U.S.\$53.7m), or 32.12 a share, against \$352m or \$31.67.

Quaker Oats to stop
home video output

BY RICHARD LAMBERT IN NEW YORK

QUAKER OATS is selling its chemical business, discontinuing the operations of its U.S. video game cartridge subsidiary, and selling its Mexican toy company. These cuts bring with them an after-tax charge of \$15.5m, which means that the group has reported a net loss of \$31.6m for the third quarter.

Mr William Smithburg, Quaker's president and chief executive, said the decisions were consistent with the company's goals of being a supplier of consumer brands of goods and services, and concentrating on businesses with the highest returns.

He added that the company was looking for a "qualified buyer with a continuing interest" in its chemical activities, which supply chemicals for the laundry and lubricating oil refining industries, and were marginally profitable in the third quarter.

Quaker bought its home video game business only a year ago, in the hope of tying in the technology with its existing Fisher-Price toy subsidiary. But, said Mr Smithburg: "We did not foresee the rapid over-saturation in the market, and have decided that without making major investments, continuing the business was not viable."

In Mexico, Quaker is selling its 58 per cent-owned toy company to its Mexican partners.

Third-quarter earnings from continuing operations declined from \$31.3m to \$28.4m. The latest figures include an after-tax charge of \$4.4m stemming from the decision to sell the Mexican toy company. Sales from continuing operations rose 4 per cent to \$844m.

Net income from continuing operations after nine months is down from \$88.7m to \$78.2m.

Recession hits
Mitel results

By Robert Gibbens in Montreal

MITEL, the fast-growing Canadian telecommunications equipment company, has made a major change in accounting for research and development expenses.

Net profits for the year to February 25 are shown at C\$14.7m (U.S.\$11.9m), or 39 cents a share, against C\$7.9m, or 77 cents, Mitel was hit by the recession and intense competition during the year.

Mitel now follows accounting principles generally accepted in Canada: it charges all research costs as they are incurred and no longer capitalises them.

Belgian
corporate
debt load
'a menace'

By Paul Cheeswright in Brussels

THE HEAVY indebtedness of Belgian companies, neither making enough profit to guarantee repayment nor adequately to compensate shareholders, is a menace to the economic and social future of the country, according to M Jacques Groothaert, President of the Société Générale de Banque (SGB).

At the annual shareholders' meeting of Belgium's largest bank, part of the Société Générale de Banque, Mr Groothaert said that the bank's outstanding lending had grown less in 1982 than in previous years.

Outstanding lending to the private and international sector at the end of last year was Bfr 662bn (\$14bn), against Bfr 629bn at the end of 1981 and Bfr 561bn at the end of 1980, noted the annual report, published yesterday.

To the extent that falling demand for credit results from the success of government measures encouraging the issue of risk capital and translates into a brake on companies getting into heavier debt, this is welcome, Mr Groothaert said.

But to the extent that the falling demand results from economic stagnation and a reluctance among companies to start new business, then it is extremely worrying, he said.

Earlier this month, Kredietbank, one of SGB's competitors, produced a survey which showed that profitability among Belgian companies was totally insufficient in nearly all sectors.

"The scant profitability of the stockholders' equity is not a recent problem, and it is certainly clear that the last years have seen an acceleration in the decline, so much so that profitability was negative in 1981," Kredietbank said.

This was not the case for SGB, which in 1982 had net profits of Bfr 2.2bn, compared with Bfr 1.96bn in 1981.

Sandoz to expand drugs side

BY JOHN WICKS IN ZURICH

SANDOZ, the Swiss chemical concern, is to give priority to expanding its pharmaceutical business. Dr Marc Moret, managing director, said that this sector could account for more than half consolidated sales during the group's 1983-87 five-year plan period.

Last year, Sandoz booked a 5 per cent sales increase to a record SwFr 6.05m (\$2.95m), with pharmaceuticals accounting for 47 per cent of the total.

In the first quarter of this year, consolidated sales rose by 3 per cent on the corresponding 1982 period to SwFr 1.62bn, largely because of a 13 per cent improvement by the pharmaceuticals division.

Dyestuffs sales increased over the period by 4 per cent. Those of the seeds, food and agro-chemical divisions dropped in Swiss franc terms by 4, 6 and 22 per cent, respectively.

Dr Moret was confident that the group would book satisfactory results in calendar 1983, and that the pharmaceuticals division would become increasingly competitive with the introduction of new products. Research would concentrate on treatment of the central nervous system, heart and circulatory complaints and in the field of endocrinology and immunology.

The dyestuffs business had been strengthened by the recent takeover of the Sodyco division of Mar-

tin Marietta and the development of new products and applications. Dr Moret said that the agro-chemicals and seed business was likely to remain unsatisfactory for the rest of 1983.

Sandoz research in the agro-chemicals and seeds sector has been strengthened by the acquisition of the high-technology company Zeecon, of Palo Alto, from Occidental Petroleum at an undisclosed price.

The two U.S. acquisitions will add nearly SwFr 250m to group sales, and partly as a result of this the U.S. share of group turnover will exceed the 1982 level of 23.7 per cent.

We are pleased to announce

that
Stephen McDonald
has joined our firm
as a
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Trust Company of the West

Los Angeles

Setback for
U.S. machine
tool group

By Our New York Staff

CINCINNATI Milacron, the leading U.S. machine tool company, yesterday reported a first-quarter loss and warned that it was unlikely to return to profit until later in the year. But Mr Clifford Meyer, the group's president, added: "We have reached the bottom of a very deep valley, and I firmly believe we are on the way up."

Sales in the first quarter fell from \$215.7m to \$124m, and the group made a net loss of \$4.9m compared with a profit of \$11.3m a year earlier.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / April, 1983

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INTERNATIONAL COMPANIES and FINANCE

Mexico's in-bond industry thrives on devaluations of peso

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S heavy devaluation of the peso has given a fillip to a sector of the country's bruised economy of growing importance—the in-bond industry in which are assembled items ranging from radio sets to video games. It is the only area where 100 per cent foreign ownership is allowed, and in return for selling all their products abroad, the in-bond companies enjoy a liberal tax position.

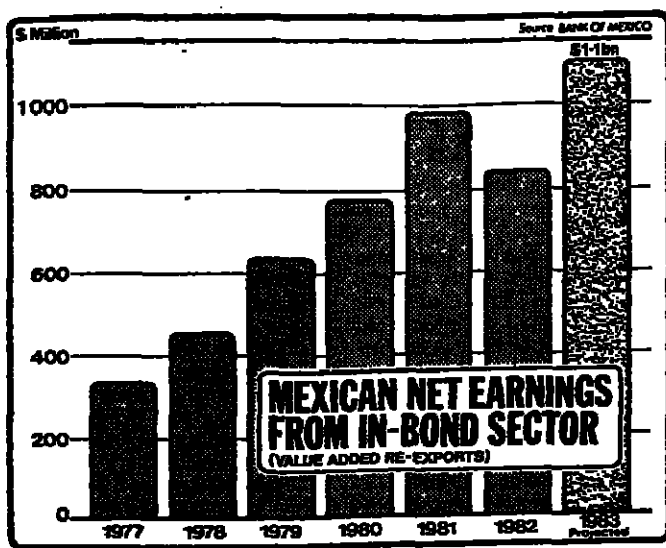
While the great majority of companies in Mexico are reeling under the impact of the devaluation of over 75 per cent in the peso since 1981 and of a tight domestic market, in-bond concerns are thriving.

The series of devaluations has raised the competitive strength of the in-bond industry, which consists of 605 companies, mostly U.S., employing a total of 130,000 workers, as against its cheap labour counterparts in Taiwan, Hong Kong, South Korea and Singapore. Labour costs have been reduced by the devaluations from \$2.09 per man hour (including fringe benefits) at the beginning of 1982 to about 90 cents now.

In-bond salaries are paid in pesos, but the plants' income is exclusively in dollars, since all the output is exported. A dollar is now worth 111 pesos at the controlled rate at which foreign companies convert dollars brought in to pay workers, compared with almost 150 on the free market, as against 26 pesos at the end of 1981.

The in-bond companies' imported components enter Mexico free of duty, and when the assembled product enters the U.S., with which the trade is mainly carried on, duty is charged only on the basis of the value added. Most of the concerns, nearly all of them U.S., are strung along the U.S.-Mexico border in places like Ciudad Juarez, across the Texan border from El Paso. They include Hughes Aircraft, which has a plant to assemble electronic systems, RCA and Fisher Price Toys.

The country's acute shortage of foreign currency, caused by the drop in the price of oil, Mexico's main export, and by



The fall in the value of the Mexican peso over the past year has boosted the country's ability to compete with cheap labour countries in the Far East. This is reflected in the projected net earnings figure of over \$1bn this year for Mexico's in-bond industry. But the industry's growth has become a matter of political sensitivity in the U.S.

the high cost of paying the interest on the mountainous \$83bn external debt, is making the Government treat the in-bond sector with care, to encourage greater investment and to create new jobs.

Last year, the in-bond sector was, in broad sector terms, the second largest net earner of dollars after Pemex, the state oil concern. It earned \$845m and accounted for 1.5 per cent of gross domestic product.

While oil income is expected to drop by some \$2bn this year, the in-bond industry is forecast to increase earnings by about \$300m.

The Mexican in-bond industry has found heightened attractions for foreign investors. Apart from the strength derived from the fall in the peso in the foreign exchanges, the industry has the advantage of being on the doorstep of the U.S. market, unlike Far East assembly operations.

It is estimated that a U.S. company can save between \$13,000 and \$15,000 per employee a year by moving labour intensive operations from the U.S. to Mexico.

But there has not been a great surge in the setting up of in-bond plants in the past few months. The industry and Trade Ministry granted 18 in-

bond permits in the first two months of the year after granting 113 in the whole of 1982.

U.S. companies are watching developments in this sector. European companies, for their part, have not caught on in any substantial way to the idea that they can serve their U.S. market from Mexico.

The Government will announce new regulations for the in-bond industry in coming weeks in a bid to streamline paperwork and repair the damage caused in the last quarter of 1982 when the outgoing Government of Sr Jose Lopez Portillo imposed full exchange controls.

In-bond companies no longer have to keep all their income in dollars in special accounts in Mexico, which they had to under the full exchange controls system. Now they are again allowed to have bank accounts abroad, and to bring in dollars as they want them.

They are, however, obliged to change these dollars to meet their costs at the controlled rate, not the free rate, and within the nationalised Mexican banking system, so that the Government can replenish its depleted foreign reserves.

The last Government's measures challenged in-bond

companies to evade the new obligations, the more easily accomplished given the 2,000 mile long open border with the U.S. The companies used to ask their clients to delay dollar payments to Mexico in the hope that the rules would be changed, as they were.

The new rules also ban in-bond companies meeting their overheads by receiving pesos from other companies in Mexico, which owe dollars to the parent companies of the in-bond plants.

The Government has also made it clear that the in-bond sector will not be subjected to a forced domestic content integration programme, such as was thrust on the Mexican motor industry, which has to buy some of its components locally.

Mexico's in-bond sector, however, has become a politically sensitive issue in the U.S., where some trade unionists argue that it is taking jobs away from workers there, and that U.S. employment should be protected by repealing tax regulations 806 and 807—the lifeblood of the in-bond industry, under which duty is charged upon re-entry to the U.S. only on a value-added basis. Such a blow would sound like a death knell for the in-bond industry in Mexico.

Slavenburg's changes name and structure

BY WALTER ELLIS IN AMSTERDAM AND DAVID MARSH IN PARIS

SLAVENBURG'S Bank, the sixth largest commercial bank in the Netherlands, has changed its name to Credit Lyonnais Bank Nederland in an effort to put recent misadventures behind it, as reported in some editions of the Financial Times yesterday.

Slavenburg's also announced that it had a net loss of FF 203m (\$73.8m) last year, much of it because of bad debts incurred in 1981 and some arising from a recent fraud. All of the bank's gross profits have been transferred to general contingencies.

Credit Lyonnais of France, which owns 78 per cent of the shares of Slavenburg's, has agreed to a number of changes in the Dutch bank's structure and operations with the Netherlands central bank. In return, the central bank will continue to provide liquidity support.

M. Jean Deflessieux, chairman of Credit Lyonnais, estimates that the total cost of the acquisition of Slavenburg's will be FF 1.8bn (\$218m), almost three times the actual purchasing price.

Credit Lyonnais paid FF 658 for its shareholding. A stake of 59

per cent was purchased around the end of 1980 and was increased to 78 per cent a year later.

The bank already reckoned it would have had to inject an additional FF 500m into Slavenburg's to set its accounts to rights, but in fact has had to pay an overall sum of around FF 1bn to make up deficiencies in the bank's accounts.

Credit Lyonnais, France's second largest nationalised bank, admits that it was misled by a false audit when it first took its Slavenburg's stake.

The new chairman of Slavenburg's board is to be M. Georges Vignon, until now vice-chairman. Credit Lyonnais is to guarantee its subsidiary's loan portfolio for as long as is considered necessary.

Nominal share value is to be reduced from FF 100 to FF 30, and the consequent reduction in assets will be compensated for by an order of new shares, to a value of FF 200m, to all existing shareholders. The issue is to be guaranteed by Credit Lyonnais, which is also to convert a recent deferred loan to Slavenburg's into equity.

U.S. oil group declines

BY WILLIAM HALL IN NEW YORK

PHILLIPS Petroleum, the U.S. integrated oil company, reported a one-third fall in first-quarter net income to \$129m. Earnings per share were 84 cents, compared with \$1.26 in the first quarter of last year.

Mr. William Douce, Phillips' chairman and chief executive, blames the lower earnings on depressed prices for crude oil and petroleum products. First-quarter 1982 earnings have been restated to reflect the adoption of an accounting change for foreign currency translation procedures.

Mr. Douce told the annual meeting yesterday that, despite positive signs in the U.S. economy, "the in-

gering recession was continuing to depress demand for petroleum fuels, natural gas and petrochemicals.

He added that Phillips has reshaped its operations. It is concentrating on top prospects only, closing an obsolete refinery and selling several chemical operations. It is also reducing the company's workforce which since October 1981 has been cut by 18 per cent.

Phillips had a \$15m loss on its petroleum marketing and refining businesses in the first quarter against a \$4m loss in the comparable quarter last year.

L'Oreal lifts profits 6.4%

By David Marsh in Paris

L'OREAL, the French cosmetics and pharmaceuticals group, has announced a 6.4 per cent increase in net profits for last year to FF 550m (\$152m) from FF 517m in 1981.

The profits total, made on group turnover of 12.3 per cent up from 1981 at FF 10.9bn, was struck before taking account of changes in asset values and net provisions on investments. A total of \$3.4 per cent of turnover last year was outside France.

Cash flow increased to FF 918m from FF 848m in 1981, enabling the group to self-finance completely its investments last year of FF 425m.

Modest rise at health group

By Our Financial Staff

WARNER-LAMBERT, the U.S. health care company which has been undergoing a major restructuring, increased net earnings to \$46.1m for the first quarter of 1983, against \$41.3m.

Sales for the three months are 9 per cent lower at \$766m, although on a comparable basis, allowing for disposals, turnover is effectively 7 per cent ahead.

The company expects to market in the U.S. a drug to treat arthritis in the fourth quarter of this year. The drug is currently being marketed in West Germany and is also under review by the U.S. Food and Drug Administration.

NORTH AMERICAN QUARTERLY RESULTS

ACF INDUSTRIES			
First quarter	1983	1982	
Revenue	145.8m	227.4m	
Net profit	22.0m	31.5m	
Net per share	0.19	0.27	
AMC			
First quarter	1983	1982	
Revenue	78.0m	60.0m	
Net profit	6.1m	5.1m	
Net per share	1.51	0.63	
AVON PRODUCTS			
First quarter	1983	1982	
Revenue	364.5m	368.2m	
Net profit	24.0m	31.2m	
Net per share	0.36	0.54	
BEATRICE FOODS			
Fourth quarter	1982-83	1981-82	
Revenue	2,200m	2,250m	
Net profit	178.1m	174.1m	
Net per share	12.60	0.71	
BECTON, DISCOWSKI			
Second quarter	1983-83	1981-82	
Revenue	262.5m	264.8m	
Net profit	16.0m	15.8m	
Net per share	0.75	0.94	
BELL AND HOWELL			
First quarter	1983	1982	
Revenue	157.5m	141.5m	
Net profit	4.2m	2.7m	
Net per share	0.75	0.69	
B. C. FOREST PRODUCTS			
First quarter	1983	1982	
Revenue	78.0m	78.0m	
Net profit	14.5m	14.5m	
Net per share	0.55	0.55	
BROWNS-FERRIS INTERNATIONAL			
Second quarter	1982-83	1981-82	
Revenue	107.2m	107.2m	
Net profit	17.2m	14.2m	
Net per share	0.85	0.65	
DOW PEPPER			
First quarter	1983	1982	
Revenue	70.2m	70.2m	
Net profit	1.0m	1.0m	
Net per share	0.02	0.02	
DENTAL EQUIPMENT CORP.			
Third quarter	1983	1982	
Revenue	74.0m	70.2m	
Net profit	1.0m	1.0m	
Net per share	0.02	0.02	
HEALTHY FOODS			
First quarter	1983	1982	
Revenue	421.2m	398.2m	
Net profit	23.2m	23.2m	
Net per share	1.82	1.70	

All of these securities having been sold, this advertisement appears as a matter of record only.

April, 1983

8,000,000 Shares



Gulfstream Aerospace Corporation

Common Stock

Shearson/American Express Inc.

Bear, Stearns & Co.	The First Boston Corporation	Blyth Eastman Paine Webber	Alex. Brown & Co.
Dillon, Read & Co. Inc.	Donaldson, Lufkin & Jenrette	Drexel Burnham Lambert	Goldman, Sachs & Co.
Hambrecht & Quist	Kidder, Peabody & Co.	Lazard Frères & Co.	Lehman Brothers Kuha Loeb
Merrill Lynch White Weld Capital Markets Group	Prudential-Bache	L. F. Rothschild, Unterberg, Towbin	
Salomon Brothers Inc.	Smith Barney, Harris Upham & Co.	Warburg Paribas Becker	Wertheim & Co., Inc.
Dean Witter Reynolds Inc.	Robertson, Colman & Stephens	Robinson Humphrey/American Express Inc.	

Amro International	Arbutnot Latham & Co. Ltd.	Banque Bruxelles Lambert SA
Banque de Paris et des Pays Bas (Suisse) S.A.	Bergan Bank A/S	County Bank
Crédit Commercial de France	DG Bank	Den norske Creditbank
Kredietbank S.A. Luxembourg	Enskilda Ltd	Hambros Bank
Nederlandsche Middenstandsbank N.V.	Samuel Montagu & Co.	Hessische Landesbank
Pierson, Heldring & Pierson, N.V.	Norddeutsche Landesbank Girozentrale	Morgan Grenfell & Co.
J. Henry Schroder Wagg & Co.	Société Générale de Banque S.A.	Pictet International
		Vereins- und Westbank

AMICOR INCORPORATED

has acquired

KEYSTONE CAMERA CORPORATION

On behalf of the shareholders of Keystone Camera Corporation, the undersigned acted as transaction advisors in the divestiture process. We valued the company; developed the marketing program; identified prospective purchasers, assisted in negotiations and coordinated closing activities.

BOOZ-ALLEN ACQUISITION SERVICES

BOOZ-ALLEN & HAMILTON INC.

April 1983

MCDONALD'S CORPORATION

has acquired 56% of the Common Shares not previously owned of its English affiliate

MCDONALD'S GOLDEN ARCHES RESTAURANTS LIMITED

The undersigned acted as financial advisor to McDonald's Corporation in connection with this transaction.

BLYTH EASTMAN PAINE WEBBER INTERNATIONAL LIMITED

April 19, 1983

INTL. COMPANIES & FINANCE

Falling Hong Kong dollar stops upward share trend

BY ANDREW FISHER IN HONG KONG

THE SUN finally broke through Hong Kong's murky skies this week, but the end of an unusually long period of oppressive, overcast weather has not so far lifted the confidence of a drifting stock market, nor aided the sickly-looking local currency.

Last week, the market stumbled by over 80 points. This is not a massive fall for such a notoriously volatile trading scene and volumes have not been large, but it was a clear end to the steady upturn seen previously this year, as fears over China's intentions towards the Colony receded and the institutions came into an undervalued market.

Assessing just what lies behind the local market's performance is never easy. "Hong Kong is a very self-centred market," noted one analyst. "Never mind Wall Street, international monetary trends, or what is happening to Japanese stocks; investors in Hong Kong look mainly to factors within the Colony in forming their judgments."

Pulling down the market last week was the poor performance of the Hong Kong dollar, which looked likely at one time to fall through the psychological level of HK\$7 to the US unit. But the banks stepped in and put up prime rates by 1 per cent to 11.5 per cent and deposit rates up by the same amount.

Yesterday, the stock market slipped back by around 13 points to leave the Hang Seng index at 1028.3, having risen by just over 34 points on Monday. The next level that the market is looking for is 1100, though investor caution is such that this target could be temporarily elusive.

Volume last week averaged only HK\$140m, well below the healthy levels the market has achieved in past frantic booms.

Local investors have been fairly inactive while foreign institutional buying has tailed off from the interest shown at lower levels earlier in 1983.

Selling of the local currency pushed it down against the US dollar to HK\$5.56 last week, before the interest rate rise was decided late on Tuesday. These stopped the decline, but did not provide much of a lift. Yesterday the currency also closed at HK\$5.56.

Why did the local dollar start to fall? Reported selling by

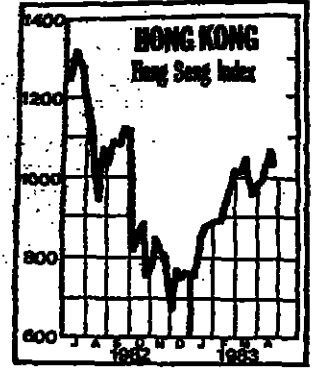
stock market, but the rise in interest rates also dampened sentiment. Market observers are fairly sanguine about prospects for the rest of the year. Despite the present wait-and-see attitude, foreign buyers watching what the locals do and vice versa, the prospects for Hong Kong's industry and exports have brightened.

Most sectors, such as the all-important garment industry, report that orders have picked up now the US economy is on the move again. Once revenues start to flow into manufacturing companies, shares could benefit.

With the property market still in the doldrums, though the lower end of the residential sector is perking up, the sort of shares in favour this year have been blue chips like the big trading houses and the few quoted manufacturing companies.

Recent weeks have also seen a confirmation of the dire straits of companies that were too eager during the property boom. The restructuring of the hapless Carian group remains to be achieved, while Trafalgar Housing has announced unspecified provisions and a passing of its preference and interim dividends.

Shares plunged in 1982 after Mrs Margaret Thatcher's election in September when confusion about the future reigned. The Hang Seng index fell by 44 per cent over the year to just under 784. While the present state of the stock market, the 1982 collapse has been overcome, but both the market and the local currency remain vulnerable to events in Peking.



Japanese mutual banks to merge

BY YOKO SHIBATA IN TOKYO

NISHI-NIHON Sogo Bank, Japan's largest mutual savings bank, announced yesterday that it has reached an agreement to absorb the Takachiho Sogo Bank, the smallest Japanese mutual savings bank, on April 1, 1984. The bank will then transform itself into an ordinary commercial bank.

If the proposed merger goes through, it would be the first involving the conversion of a sogo (mutual savings) bank into an ordinary bank since 1968. The Minister of Finance said yesterday it would treat the Nishi-Nihon Sogo Bank as a regional bank and would advise it to join the Regional Bank Association when it changes itself into an ordinary commercial bank next April.

The Nishi-Nihon Sogo Bank is capitalised at ¥12.48bn (\$52.7m) and has 143 branches. Based in Fukuoka City, south

west Japan, it had financial resources of some ¥1,654bn at the end of March 1983, making it the largest of the nation's 71 sogo banks, and equal to the 11th largest regional bank.

Takachiho Sogo Bank, also based in the south-west is capitalised at ¥200bn and has 17 branches. Its financial resources stood at ¥55.3bn at the end of March.

The merger would make the Nishi-Nihon Sogo Bank one of the top-ranking regional banks. The merger agreement calls for an exchange of 0.9 per cent of one Nishi-Nihon Sogo Bank share for each Takachiho Sogo Bank share.

Japan's medium-sized and small financial institutions, such as the mutual savings banks and credit associations, have been caught between the city banks (the nation's biggest 13 commercial banks), which can

offer lower interest rates on small business loans, and the regional banks, which traditionally have close relations with their local communities.

In the face of the rapidly evolving computerisation of the banking business, involving new financial products and financial services, the smaller institutions are lagging behind. The recent deregulation of computerised banking would put the smaller banks at a further disadvantage since their connections with their corporate customers are not as close as those of the city banks.

The authorities are strongly urging the mutual savings banks and credit associations to strengthen their management and to take such steps as joining the consolidated credit co-operatives and the on-line networks shared by the city banks and other financial institutions.

European losses hit Asahi Glass

By Our Financial Staff

ASAHI GLASS, the leading Japanese glass, ceramics and fine chemicals group, saw its consolidated net earnings slip to ¥22,980m (¥97m) last year on sales which rose 19.5 per cent to ¥628.1bn from ¥525.29bn.

In a statement, the company blamed losses by its subsidiaries in Belgium and the Netherlands, acquired from BSN-Gervais Danove two years ago, for the setback in its net result. Operating profits also slipped to ¥45.49bn from ¥47.13bn.

Marginal first-quarter rise for Matsushita Electric

BY OUR TOKYO CORRESPONDENT

MATSUSHITA Electric Industrial and its 83 consolidated subsidiaries, including Victor Company of Japan (VIC), suffered a levelling off in profits for the first quarter to February 20.

Consolidated net profits were ¥34.91bn (US\$149m) just 1 per cent higher than for the same quarter of last year, on sales of ¥870.72bn, up by 4 per cent. Profits per share rose by ¥0.04 to ¥22.33.

The company attributes the slow-down in earnings growth to the slump in sales of audio

equipment, to higher sales promotion costs and to a mark-down in selling prices of VTR products as a result of stiff sales competition.

Continued strong sales of VTR's and a sales recovery in electronics components are expected in the remaining nine months of the year but a rapid recovery in overall sales is considered unlikely. Matsushita expects full-year net profits to be at the previous year's level of ¥158bn, and full-year sales to rise by 3 per cent to ¥7,700bn.

Woodside sees further delay in Japan sales

By Lachlan Drummond in Sydney

DELAYS IN concluding formal supply contracts with Japanese customers are likely to see the already revised target date for a start of supplies of liquefied natural gas (LNG) from the North West Shelf project of Western Australia pushed beyond April 1987.

However, while some slippage beyond the target is likely, the directors of Woodside Petroleum, the leader of the project, remain confident about the Japanese market for North West Shelf LNG, they say in their annual report.

Meanwhile, until firm sales agreements are hammered out the Shelf partners will not commit themselves to the A\$8.5bn (US\$4.2bn) second stage of the project which will supply export markets.

A memorandum of intent with the Japanese was signed in July 1981 with an initial target for deliveries to begin in April 1986. However, with the turnaround in the world energy supply and price picture since, nothing firmer has emerged, and talks on introducing the Japanese trading houses, Mitsui and Mitsubishi, as equity holders in the liquefaction and shipping side of the project have also stalled.

Earnings setback at OK Bazaars

By Our Johannesburg Correspondent

OK BAZAARS, South Africa's largest retailing group which is a 71 per cent owned subsidiary of South African Breweries, lifted turnover from R1.25bn to R1.59bn (\$146m) in the year to March but narrower margins left pre-tax profits down to R71m from R77m.

The directors say a deterioration in the merchandise mix led to a severe reduction in gross margins and profits were also hit by an increase in interest payments.

The board warns that the recession and South Africa's worst drought in 50 years will lead to a further deterioration in trading conditions. Earnings in the first half of the current year are expected to be down and the timing of any economic upswing will be critical to results in the second half, when the major part of income is normally earned.

The dividend total for 1982-83 is unchanged at 142 cents, despite earnings per share falling to 230 cents a share from 266.9 cents.

Stockbroker role for Saudi Arabian banks

RIYADH—King Fahd has

decreed that only Saudi Arabian banks will be allowed to act as share brokers in the Kingdom. The official Saudi press agency reported that Mr Mohammed Abal-Khalil, the Finance Minister, said the Government wanted to ensure all Saudi citizens have fair access to share trading.

Shares are traded privately in Saudi Arabia at present, and there is no official stock market. Reuter

This advertisement complies with the requirements of the Council of The Stock Exchange.

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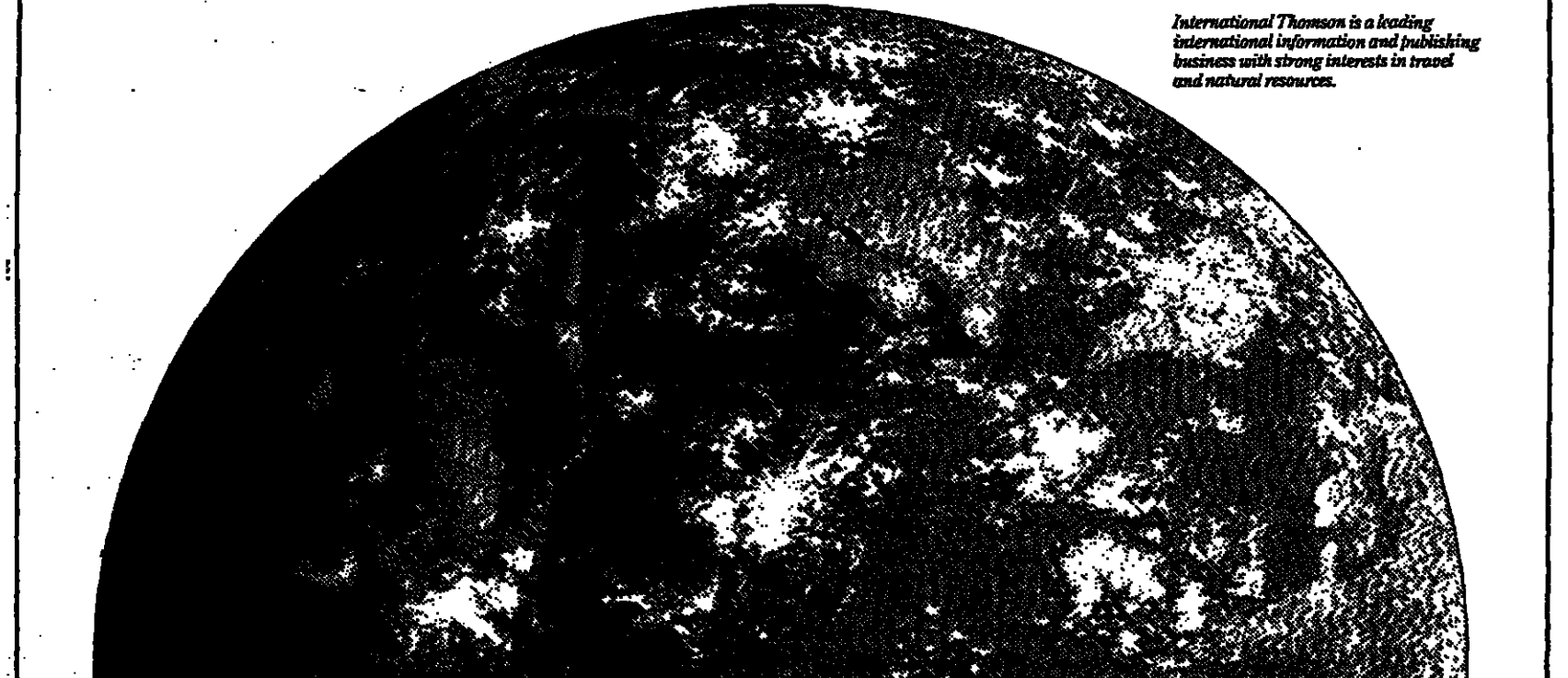
The Debentures, issued at 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Debenture. Interest is payable annually in arrears on 1st May, the first payment being made on 1st May, 1984.

Full particulars of the Debentures are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 12th May, 1983 from the brokers to the issue:

Cazenove & Co.,
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27th April, 1983

International Thomson Organisation Limited

International Thomson is a leading international information and publishing business with strong interests in travel and natural resources.



Planned growth in action

Information is one of the great resources of the eighties and beyond and International Thomson's main role in the years ahead is to exploit that potential

The President, Mr Gordon Brunton, reported that the Group made continued and encouraging progress in 1982 in achieving its objectives, despite the poor economic environment throughout the world.

Results at a glance

(millions of pounds sterling except per share amounts)	1982	1981
Sales	1,334.1	1,180.7
Trading profit	114.6	113.6
Earnings for the year	51.5	43.5
Earnings per share	37.0p	31.2p

• Earnings for the year were £51.5 million, over 18% higher than in 1981. Exceptional development, business closure and reorganization costs which were set against trading profit, amounted to £171 million.

• Sales were £1,334.1 million, some 13% higher than in 1981.

• Dividend payments in January 1983 were increased by 15% (30% in terms of sterling).

• Progress in the development and acquisition programme in North America continued strongly and our US publishing businesses emerged as a significant and growing profit centre.

• Oil and gas production from Piper and Claymore fields exceeded expectations.

• The UK travel companies recorded an impressive performance to achieve their profit plans.

• Thomson Regional Newspapers achieved savings which will reduce costs by £9.5 million in a full year.

INFORMATION AND PUBLISHING

Despite the continuing recession, the UK newspapers, magazines and book interests all showed an improvement over 1981. Thomson Regional Newspapers and International Thomson Publishing were seriously affected by depressed advertising revenues but benefited from significant reduction of costs.

The Group's North American publishing companies were well ahead of the previous year. Information and publishing businesses represented 71% of our 1982 US sales of US\$399.7 million. The acquisition in March 1983 of American Banker and The Bond Buyer puts the US group in the forefront of publishing in the rapidly growing financial services area.

TRAVEL

In the UK, both Thomson Holidays, a strong leader in market share and customer satisfaction, and Britannia Airways, the second largest UK airline in terms of passenger miles flown, enjoyed a successful year. Britannia is continuing to expand its fleet. The US travel group, still at the development stage, showed some improvement in a difficult market. 1983 should show further progress.



International Thomson

International Thomson Organisation Limited,
Suite 2206, Box 46, 20 Queen Street West, Toronto, Ontario M5H 3E3, Canada.

OIL AND GAS

The Piper and Claymore fields, in which Thomson North Sea has a 20% interest, performed most satisfactorily during the year, generating excellent cash flow.

The decision taken three years ago to reduce the rate of Piper production in order to increase the field's economically recoverable reserves and extend its commercial life, has proved highly effective. This led to sustained production throughout the year in excess of 300,000 barrels per day. Claymore also performed well, averaging 96,000 barrels per day. Our consortium has made other discoveries in the North Sea which, though relatively small by Piper and Claymore standards, may be commercially viable under the new taxation proposals.

In the US, Thomson-Monteith continued its vigorous development programme and through acquisition added 900,000 barrels of oil and 1.4 billion cubic feet of natural gas to its reserves.

THE FUTURE

• We will continue to enhance our position as a leading international information and publishing business with strong interests in travel and natural resources. Inevitably, over

the coming years the level of our existing oil production will decline, but we are replacing these finite resources with strong and stable businesses with long-term growth potential.

• We are now well on the way to implementing this strategy which we set out to develop five years ago.

• We shall strengthen the Group by broadening the geographical spread and mix of its activities and we shall place special emphasis on developing our interests in North America. Our resources will be concentrated on those areas of business where we have experience and expertise.

These points give only a small insight into the Group's activities and plans. Its performance is dealt with comprehensively in the recently published 1982 Annual Report.

I would like a copy of the International Thomson Organisation Limited 1982 Annual Report.

Name _____
Position _____
Company _____
Address _____

PT

Post this coupon to: Hilary Bateson, Information Manager, International Thomson Organisation PLC, 4 Stratford Place, London W1A 4YG.

Ishikawajima-Harima Heavy Industries Co. Ltd.

U.S. \$50,000,000 Guaranteed Floating Rate Notes Due 1985

For the six months April 27th, 1983 to October 27th, 1983

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 9% per cent and that the interest payable on the relevant interest payment date, October 27th, 1983, against Coupon No. 11 will be U.S. \$48.81.

By Morgan Guaranty Trust Company of New York, London Agent Bank

The NewThrogmorton Trust PLC

The pro forma net asset value attributable to each new Capital Share to be issued under the terms of the reconstruction, based on the company's balance sheet as at 20.4.83, was 61p per Share.

UK COMPANY NEWS

Tarmac expands by 32% to £68.7m

SECOND-HALF pre-tax profits of Tarmac moved ahead from £38m to £48.6m and pushed the construction group to a record £68.7m for 1982, a 32 per cent expansion over the previous year's £52.1m. Turnover went over the £1bn mark to £1.05bn, compared with £818m.

Year-end earnings per 50p share were up from 32.5p to 35.9p and the dividend is effectively raised to 11p (9.2p adjusted) with a final payment of 7.8p.

The group has made a promising start to 1983, the directors say, and the year as a whole is seen as one of further progress.

A divisional analysis of turnover and trading profits—£76.9m (£60.4m)—shows: quarry products £26.4m (£20.6m) and £41.4m (£25.5m); building products £202.8m (£166.6m) and £13.8m (£14.4m); construction £244.9m (£208m) and £5.1m (£5.4m); international £22.5m (£17.5m) and £2.5m (£2.5m); housing £141.5m (£117m) and £10.7m (£10.5m); properties £16.5m (£7.2m) and £1.5m (£2m); industrial £21.4m (£21m) and £3.9m (£3.5m); central costs £2.3m (£1.9m).

Mr Eric Fountain, deputy chairman and chief executive, says the quarry products division had "an outstanding year", with pre-tax profits up by 32 per cent. This improvement related, in part, to the successful Hovingham acquisition, but

there were generally strong performances throughout the UK regional operations and also in South Africa.

In the U.S., despite the severe recession which particularly hit the construction industry, the activities earned a small profit, he adds.

The building products division results were marginally down on the previous year, but there were good performances in the manufacturing companies and in the contracting company. The refinery profits were down, affected by a deteriorating sterling/dollar exchange rate, and by declining margins between UK bitumen prices and international heavy crude oil prices. There was a setback in France, he adds, where SPAPA incurred a loss.

There were record profits from the construction division, with pre-tax earnings significantly supplemented by management contracting, has contributed to the division's success. Mr Fountain points out.

During the year, a 25 per cent interest in the construction management company, Schal Associates of the U.S., was acquired.

The international division continued its recovery. There has been a run down in the activities of the Saudi Arabian associated

HIGHLIGHTS

Lex today considered the full-year results from Tarmac which show a 32 per cent advance in pre-tax profits to £68.7m. It goes on to look at Sotheby's which has just published a defence document to fend off the bid from two American businessmen. Also examined the offer by RET to mop-up the minority shares in Rediffusion, in a deal worth £122m. The column goes on to look at Clive Discount where there was a 70 per cent advance in profits and the dividend has been doubled.

company, and a major new contract for the building of four hospitals in Algeria was obtained during the year.

The housing sector performed slightly better in 1982, and a good forward order book for 1983 has been built up.

A better performance in the industrial division came mainly from the oil and gas interests, although the foundry activities performed well in the face of extremely difficult conditions, as did the heavy vehicle distribution company.

Pre-tax figure for the year was after interest payable, little changed at £52m (£33m). Tax charge was much higher, however, at £20.6m against £13m, and after minority interests, £1m (£0.2m) and extraordinary debits of £2m (£3.5m) this attributable balance came

through ahead from £35.3m to £44.1m.

Dividends will absorb a total of £14.5m (£11.7m) leaving a retained figure of £29.6m, compared with £23.6m.

See Lex

Samuelson Group

In the first half to September 30, 1982, taxable profits of Samuelson Group, supplier of equipment and services to the film and television industries, advanced from £353,000 to £428,000.

This reflects a high level of activity in the British film industry during the summer months.

The directors say the second half has also been satisfactory with rentals 24 per cent higher than in the comparable period.

enlarged group—Lonsdale Universal and Collier Macmillan Distribution Services were acquired during the year—have been funded by a term loan of £14m.

comment

The Christmas rush started late in the High Street, causing great anxiety for John Menzies. It makes most of its profits during this period. In the end the shoppers arrived and Menzies made "reasonable" profits. Its warehouse side, which distributes many periodicals including the Radio Times, was hit by industrial action but benefited from a generous 15 per cent price increase, not likely to be repeated in 1983. Its new library services business acquired in June did not contribute significantly to 1982 profits as most of its business is done in the first quarter. Indications are that orders have been good which should boost Menzies' traditionally low interim figures in 1983. If the wholesaling business escapes damaging industrial action and the High Street keeps its buoyancy, Menzies should make £12m in 1983. At 37p up 15p that puts the shares on a prospective p/e of 16.9.

Clive Discount 70% up at £1.85m

AFTER RERATE, tax and a transfer to contingencies reserves consolidated profits of Clive Discount Holdings rose to £1.85m for the year ended March 31 1983, an increase of 70 per cent over the previous year's £1.09m.

The directors of this discount house and investment dealing concern say the group's operating base has been strengthened to a point where normal dividend payments can be resumed and they are lifting the final by 0.3p to 1.9p, which makes a net total of 3.2p per 20p share, compared with 1.6p for 1981-82—the interim was omitted that year.

There was a £228,000 (nil) transfer to capital reserve for the past year and shareholders' funds rose by £152m to a record £3.06m. Current assets at year-end stood at £386m, an improvement of 52 per cent over the previous year's £254m.

There was a net drop in bank base rates from 12 to 10 per cent. Dividend payments will absorb £74,000 (£39,000).

See Lex

Turiff rises to a record £2.03m

PRE-TAX profits of engineering contractor Turiff Corporation rose to a record £2.03m for 1982, an improvement of £224,000 over 1981's figures, although the large distortion was up its

£1.98m was little changed on the corresponding period's £1.33m.

Mr W. G. Turiff, the chairman, reveals that the group's workload has recently increased compared with this time last year and although it is too early to make a forecast he says he will be disappointed if profit performance is not improved in the current year.

Meanwhile, the dividend for the past year is being stepped up by 0.8p to 5.8p net per 25p share — earnings emerged at 41p a share, against 37p previously.

Turnover declined from £22.7m to £20.9m. Mr Turiff explains that although the group's construction interests have a wide regional spread the going was "tough and very competitive".

He points out that Turiff's work mix moved more to property refurbishment, an activity which it has been steadily building up over the years. The chairman comments, however, that this increased emphasis on refurbishment does not imply any lessening of the group's interest in new construction projects.

Although the group has extended its investments in a number of fields its cash position, currently in excess of £5m, remains very strong.

Tax for 1982 took £209,000 (£285,000), minorities £22,000 (£34,000) and extraordinary debits £554,000 (£421,000).

S. Pearson meets forecast with increase to £59.9m

S. Pearson & Son raised pre-tax profits from £50.5m to £59.9m in 1982. The group therefore met the forecast of increased profits, made last May at the time of the offer for the Pearson Longman minority, albeit by a narrow margin.

Earnings per 25p share however, dropped to 33.13p before extraordinary items, as against £2.86p in 1981 which was after an exceptional credit of 7.99p.

Lord Gibson, the chairman, says a short-term dip in earnings per share had been expected as a result of the bid for the Pearson Longman minority. But this was exacerbated by a disappointing performance from Pearson Longman and a sharp rise in the tax charge to £22.55m (£10.12m after exceptional credit of £7.02m).

Nevertheless, the total dividend for 1982 is maintained at 11.5p net per share with an unchanged final of 7.45p. Lord Gibson points out that the board is conscious of the need to increase dividends as well as this is justified by the group's financial performance.

Turnover for the year rose by £16.5m to £718.5m, excluding material disruption of trade in many of the group's overseas markets. For this reason, profits of Luzzards showed a substantial reduction.

Of the oil exporting countries, Nigeria has caused the group the most problems, since it remains a major customer of Longman for educational books (though relatively less important than before). Although Nigeria is an important market for one of the group's engineering businesses and affects other businesses as well, Longman's results in particular reflect the difficulties experienced in that country last year.

He says that while recognising the difficulties of improving the return on assets in these businesses, at the bottom of the recession, most of which are owed by state and para-state bodies, the oil and oil services side

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding 1981	Total for year	Total for year
Clement Clarke	2.94	—	1.74	4.68	4.68
Clive Discount	1.9	June 14	1.6	3.5	3.5
EIS Group	3.5	—	1.8	5.3	5.3
Flight Refuelling	1.9	July 8	1.57	3.47	3.47
J. Menzies	3.4	—	3.65	7.05	7.05
Wm Nash	5.5	—	N/A	11	11
S. Pearson and Son	7.45	June 24	7.45	14.9	14.9
Rush and Tompkins	4.35	—	2.75	7.1	7.1
Safeguard Indent Int	2.5	June 10	1.5	4	4
Samuel Rabber	1.8	—	0.6	2.4	2.4
H. C. Silsby	1.8	—	0.6	2.4	2.4
Tarmac	7.8	July 4	6.3	14.1	14.1
Travis and Arnold	4.08	—	3.89	7.97	7.97
Turiff Corp	5.8	—	5	10.8	10.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § To reduce disparity with final. ¶ Gross throughout.

In addition, the continued weakness of the oil market precipitated the international banking difficulties—which are not yet resolved—and caused a material disruption of trade in many of the group's overseas markets. For this reason, profits of Luzzards showed a substantial reduction.

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turned in a strong performance, not only in sterling but also in dollar terms. This was largely due to Canon's ability to maintain its margins and keep its volume in the face of a general downturn in that industry.

The downturn in the oil industry was, however, beginning to be felt by Canon by the end of the year. Lord Gibson says Compressor Systems faced a sharp reduction in demand in 1982, but did very well to make a positive contribution to profits.

In the information and entertainment sector, the most striking result was a further advance by Penguin. Fine China had a poor first half but, like engineering, it ended the year on a stronger note, the chairman reports.

He says that while recognising the difficulties of improving the return on assets in these businesses, at the bottom of the recession, most of which are owed by state and para-state bodies, the oil and oil services side

upturn comes and is on the lookout for a further advance in an area where it is already well established. The share price rose 4p to 154p on the much as expected pre-tax profits where it sells on a yield of 4.9 per cent.

LASMO

The Cretors of London and Scottish Marine Oil (Lasmo) said at the annual meeting that thanks to higher oil prices in January and February than were now obtainable, and to increased production, operating profits were running ahead of the comparable figures for last year.

LADBROKE INDEX
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Tel: 01-493 5261

Clement Clarke second half upsurge

A JUMP in second half taxable profits from £339,000 to £2,082m has boosted the 1982 figure of Clement Clarke (Holdings) to £2.79m compared with £1.62m.

Profits at the halfway stage were up at £714,000 (£583,000) and the directors felt that final results would be in line with the group's past performance.

Turnover of this investment holding concern, principal activities of which are dispensing, ophthalmic and manufacturing optician, advanced from £13.51m to £16.03m for the 12 months.

After tax of £1.3m, against £743,000, earnings per 25p share are shown at 33.23p (13.75p) and the dividend is stepped up to 54.375p net (3.0075p) with a final distribution of 2.375p.

Also proposed is a one-for-four scrip issue and an increase in the authorised share capital from £2m to £4m, by the creation of a further 8m shares.

Pre-tax figure, which included £569,024 (£382,788) in respect of arrears of professional fees, was reduced to £2.44m on a CCA basis.

J. Menzies £1m ahead at £10.5m

ALTHOUGH THE traditional wholesale and retail operations of John Menzies, newsagent, bookeller, stationer, continued to suffer from a lack of discretionary consumer expenditure, pre-tax profits moved ahead from £9.4m to £10.5m for the year ended January 31 1983, a rise of 11.7 per cent.

Sales have expanded by 19.2 per cent from £336.8m to £401.6m, during the 12 months. All divisions have started the current year well although directors say there has been industrial troubles within some of the wholesale sector's major suppliers. They are optimistic, however, that the recent acquisitions should benefit current year's profits.

At the interim stage profits were just ahead at £1.25m (£1.13m), and the directors said the rest of the year was dependent on the buoyancy of Christmas trading and the continuity of supply from publishing houses. They added that should both these factors produce reasonable performances, a useful increase for the year was expected—second half pre-tax profits amounted to £9.25m (£8.27m).

Tax was higher at £2.5m,

against £1.2m for the year, leaving net profits at £8m, compared with £8.2m. Stated earnings per 25p share were down at 27.8p (28.5p).

The dividend is increased by 11.1 per cent to 5p (4.5p) net per share with a final distribution of 3.4p (3.06p).

The directors say that the businesses bought during the year made only a small contribution to the profit increase. Goodwill arising on the purchases has been written off and makes up the bulk of extraordinary items, which took £8.1m (£0.6m).

After tax, minorities, and these items, the attributable balance came out at £1.5m, compared with a previous £7.4m.

Library services and commercial stationery have joined the group's wholesale and retail divisions within its main business, and a technical services sector "is a welcome addition," directors state, to the group's other trading activities.

Resources, they explain, will be concentrated on developing existing business together with a planned reduction in debt.

Net cash in hand has increased by £1.4m, while the longer-term requirements of the

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Ebic banks, offer specialised services throughout the world.

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Then there's European Asian Bank (Eurasbank). Headquartered in Hamburg, it has branches in Bangkok, Bombay, Colombo, Hong Kong, Jakarta, Karachi, Kuala Lumpur, Manila, Seoul, Singapore and Taipei.

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Europe's most experienced banking group

EXCEPTIONAL YEAR FOR RORENTO

London-listed Dutch bond Trust over 50% up in Pounds Sterling

Rorento's Annual Report for 1982/1983 records an exceptionally successful year, with Rorento Shares appreciating 37% in Dutch Guilders, or 51% in Pounds Sterling.

Results were also good for U.K. investors over a longer period. With a total performance of 93% in the three years since March 1980, inflation in the U.K. of 40% in the same period was comfortably beaten.

There was a continuous demand for Rorento shares and nearly 6.4 million new shares to a value of approximately £ 245 million were issued.

Ask for your copy of the Annual Report and an explanatory brochure by writing to: Rorento N.V., Dept. 384, P.O. Box 973, 3000 AZ Rotterdam, Holland.

Rorento is a fixed-interest accumulator trust. It aims at achieving maximum results through interest income plus capital gains on bonds and currencies.

Rorento shares are listed on the London Stock Exchange, as also are its sister Trusts Robeco and Rolinco.

RORENTO

authorized or to any person to whom it is unlawful to make such an offer or solicitation. No person may treat this Prospectus as constituting an invitation to him unless in the relevant territory such invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom and Germany wishing to make an application to present himself as to full observance of the laws of the relevant territory in connection therewith.

All references to "Sterling", "£", "pounds" and "p" are to the currency of the United Kingdom.

(an investment company incorporated with limited liability in Guernsey on 21st April, 1983 under the provisions of the Companies (Guernsey) Laws, 1908 to 1973)

St. Peter Port, Guernsey, Channel Islands, so as to arrive not later than 5.00 p.m., local time in Guernsey on 12th June, 1963. Each application must be accompanied by a remittance in sterling for the appropriate amount of the subscription. Applications for shares of less than £100 must be acknowledged by the Company, but such certificates will be sent to successful applicants by air late June and June, 1963.

Acceptance of applications for Participation Shares will be conditional upon the Participating Shares not having been issued by the Official List by the Council of The Stock Exchange on or before 13th May 1963.

Applications must be for a minimum of 1,000 Participating Shares.

The Company reserves the right to receive any application in whole or in part in which event the application becomes void. Applications received after 5.00 p.m. on 11th June 1963 will not be considered.

All application monies will be returned by not later than 20th May, 1963 in the event that the amount raised by the Company by the present issue is less than £500,000 (see paragraph 6 under "General Information"). All other application monies will be sent by post at the risk of the applicant.

In respect of allotments arising from applications bearing the stamp of bankers, stockbrokers, solicitors or other approved agents, France, Italy, Germany, Holland, Belgium, Spain and Portugal pay 14p of the total charge of 21p per share due to it under this prospectus to such agents as commission.

LEGAL ADVISERS
in Guernsey:
Carey, Langlois & Co.
P.O. Box 99, 7 New Street, St. Peter Port, Guernsey,
Channel Islands.

In England:
Norton, Rose, Butterell & Roche
Kempston House, Cannon Lane, London EC3A 7AN

Taxation
The Administrator of Income Tax in Guernsey has confirmed that income of the Company arising outside Guernsey, and deposit interest receivable in Guernsey, will not be liable to Guernsey income tax. The Company's liability to Guernsey taxation will, therefore, be limited to corporation tax, which is currently levied at the flat rate of £300 per annum. Dividends will be payable to shareholders, without any deduction of

[illegible]

values indicated in columns (2) below calculated on the net assets of the Company, as shown below as the last valuation day in 1963.

(3)

	Amount Due
1/12 of 3/5 per cent	
1/12 of 1/20 per cent	
1/12 of 1/100 per cent	
1/12 of 1/1,000 per cent	

monthly fee of £100.

(4) The above contracts were addressed to the Company by Deloitte Haskins & Sells, the Company's accountants.

(i) Albert Hones, St. John's Esplanade, 10, Limited, Gorseley, Channel Islands, 26th April, 1963.

(ii) Messrs Income and Growth Fund Limited, 10, Limited, 1963. The concerned business and accordingly no fee was due up to the date of the above said. Yours faithfully,

(iii) Deloitte Haskins & Sells, Chartered Accountants.

(iv) Deloitte Haskins & Sells have given and have not withdrawn their consent to the Company to have their Report in the form and content in the above contracts, not being contracts in the form they have been entered into by the Company and are or may be entered into on 25th April, 1963 made between the Company, the Manager and the Investment Adviser, under which the Investment Adviser was appointed to advise the Manager in relation to the portfolio of the Company. The appointment of the Investment Adviser may be terminated by not less than 12 months' written notice by the Manager and the Company.

(v) An agreement dated 25th April, 1963 made between the Company, Barfield and the Manager under which Barfield was appointed to act as the Manager of the Company. The appointment of Barfield may be terminated by not less than 12 months' written notice by the Company or Barfield.

(vi) An agreement dated 25th April, 1963 made between Barfield and the Manager under which the Manager was appointed to act as the Manager of the Company on the Manager's behalf in pursuance to the agreement referred to in paragraph (i) above. This agreement may be terminated by not less than 12 months' written notice by Barfield or the Manager.

(vii) The documents submitted in support of this Prospectus delivered to the Registrar of Companies in England and Wales for registration were:-

(i) copies of the above written consent; and

(ii) copies of the material contracts referred to above.

(viii) The names of the persons available for inspection at the offices of Barfield Trust Co., Limited, Barfield House, St. John's Avenue, St. John's, Channel Islands, Messrs Income and Growth Fund Limited, 10, Limited, Gorseley, Channel Islands, 26th April, 1963.

(ix) The material contracts referred to in paragraph 19 above.

(x) The Memorandum and Articles of Association of the Company and the Manager.

[illegible]

change will constitute an undertaking by Applicant that the foregoing statements will be true and correct, and that it is not intended to be used for any other purpose than that stated above. If Applicant is not a resident of the Republic of Guyana for the purpose of liability to Guyanese income tax, we are not acquiring the above mentioned shares in the continuation or extension of any person(s) to resident status.

_____, 1963

us of applicant(s) (in Block Capital)

_____, 1963

(s) of applicant(s) (Notes 3, 4 and 5)

for communications (in Block Capital)

_____, 1963

for registration (if different from above) (in Block Capital)

_____, 1963

bankers drafts and money orders should be in Sterling payable to "Frankington Overseas Fund Management Co. Ltd." and sent to it at P.O. Box 71, Barbados House, St. Julian's, Port of Spain, Guyana, Channel Islands.

A declaration should be made, if should be dated, to the effect that the income tax at the standard rate from time to time will be deducted from all income distributions to the joint applicants, all must sign.

Applicant must execute the Application Form under its Common Seal and the hand of a duly authorized officer who should state the name and position of the officer.

The Application Form is signed by an attorney, the Power of Attorney must be attached to the Application Form.

_____, 1963

Agent's Stamp

UK COMPANY NEWS

Flight Refuelling advances and sees further growth

AN INCREASE in pre-tax profits from £3.02m to £3.75m has been shown by Flight Refuelling (Holdings) for 1982—which is in line with the half-time forecast for modest improvement in the second six months. The year's dividend has been raised, also as forecast, and the directors expect further growth in 1983.

The results include a first-time contribution from Stanley Aviation Corporation. All operating companies have improved and contributed to the overall increase, say the directors.

They are confident that a number of substantial contracts which have been received during the past 12 months, together with new orders to be confirmed in the near future will lead to further profits growth in 1983.

The final net dividend has been raised from 1.57p to 1.9p which lifts the total from 2.5p to 3.02p. Earnings per 25p share are shown as improving from 10.87p to 13.6p. A one-for-two scrip issue is also proposed. Turnover of this manufacturer of specialised equipment for aircraft, nuclear and electronics industries moved ahead from £21.89m to £27.91m.

At the trading level profits rose from £3.16m to £3.53m. Last time there was net interest of £61,000 paid on the acquisition of Stanley Aviation, and associated losses of £3,000. Provision for a share incentive scheme rose from £73,000 to £82,000. Tax took £744,000 (£748,000). Attributable profits emerged ahead from £2.27m to £3.01m from which dividends absorbed

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Interim British Assets Trust, London and Provincial Ship Centres, North British Properties, TR Australia Investment Trust.

Finals
BIS International, Henry Bont, Border Breweries (Wrexham), De Vries Hotels and Restaurants, Carers International, Elber Industrial, Jessel Toyne and Gilliat, Lillieshall, Marlborough Property, James Neil, Shuch, Telephone Rentals, Thomson T-Line Caravans.

comment
Few companies in the defence field can have benefited from the Falklands conflict so directly as Flight Refuelling. However, the bulk of its 24 per cent increase in pre-tax profits came from Stanley Aviation's first full-time contribution from the U.S. The Falklands spin-off will really come into its own in the years ahead as FR reaps the gains of its multi-million pound involve-

FUTURE DATES	
Interim	Final
ANZ Bank	May 23
Akroyd and Smithers	May 9
Barton Transport	May 5
Parsons (C. N.)	May 3
Warner Estate	May 12
Finals	
Shahogsway Trust	May 9
Bonabond	May 3
Bransford	Apr. 29
City of Oxford Invest. Trust	May 11
Peacock Mining International	May 3
Foster (John)	May 16
House of Fraser	Apr. 28
Hunting Associated Industries	Apr. 28
More O'Ferrall	May 10
Notaflex	May 10
Shires Investment	May 10
Tiegar Jute Factory	Apr. 29
Total	May 3

ment in the JP233 airfield denial weapon and a major order for the conversion of TriStar tankers for the RAF. In some divisions order books stretch up to three years ahead and the prospect for further contracts is good. The group is waiting to hear whether it will be part of the Phoenix programme to develop remotely piloted vehicles. On that basis, pre-tax profits of £4.6m look possible in the current year. Yesterday's share price rose 10p to 315p, on an admittedly tight market. The prospective p/e of more than 30 is enough to take one's breath away, but it reflects the growth prospects of a company whose only problem seems to be the vastness of its opportunities.

USM placing for Securiguard

Securiguard Group, which provides security and cleaning services in southern England, is to arrive on the Unlisted Securities Market by way of a placing which values the company at £7.2m or 29 times its fully-taxed prospective earnings.

The company's stockbroker, Phillips and Drew, is placing 1.48m shares, or 27.6 per cent of the total equity, at a price of 134p per share, it was announced yesterday. The placing of both new and existing shares, will raise £395,000 of capital after expenses.

The directors forecast that pre-tax profits for the year ending October 1983 will be at least £500,000, compared with a figure of £327,000 on turnover of £6.1m in the year 1981/82. The fully taxed p/e of 29, after allowing for dilution, is believed to be a record for any placing of shares in a company coming to the USM. Nevertheless, Phillips and Drew reports that the placing has already seen over-subscribed several times and the price is expected to rise significantly when dealings begin next Tuesday.

The company founder, Mr Robin Fritchard, who is now a non-executive director is selling nearly 900,000 of his family's shares through the placing but retains control of just over 30 per cent of the total equity.

On April 8, the company had positive bank balances and cash of £227,000, up from £136,000 at the year end. The directors say that the capital will be used to finance new acquisitions both in

the UK and possibly the U.S. The company is considering a move into security hardware manufacturing. A dividend of 0.875p is promised for the current year giving a prospective yield of 1.86 per cent at the placing price.

comment

Several of the security service companies and new-style contract cleaners are on fancy ratings at the moment, with p/e ratios well above 30, so the placing price for Securiguard Group does not seem excessive. The current annual value of the private sector contract cleaning market, in offices, is about £500m, but the stock market appears to have discounted already the subcontracting of another £1,000m of work each year by local authorities and national government. Securiguard expects to begin its first hospital cleaning contract this summer. But a Labour victory at the next election would greatly reduce the sector's popularity. Securiguard, however, over the last five years has shown that it is able to take market share away from the small two-man operators in what is still a highly fragmented market. The group's security services are less vulnerable to the vicissitudes of politics, at least as long as urban crime continues to soar. An entry into manufacturing alarms and surveillance equipment would give a high tech flavour to the company which may be important if the popularity of its sectors starts to sag.

MINING NEWS

Asarco lifts earnings in the first quarter

By KENNETH MARSTON, MINING EDITOR

AMERICA'S big smelter and miner of non-ferrous metals, Asarco, reports a net profit of \$16.17m (£10.39m), or 45 cents per share, for the first quarter of this year. It includes a pre-tax credit of \$14.17m for foreign currency gains and goes against a profit of \$8.9m in the previous three months when financial gains outweighed a loss on operations of \$5.6m.

Earnings in the latest quarter were helped by better prices for silver and copper together with

a full three-months full capacity operations at the new Troy silver-copper mine in Montana.

The exchange gains in the quarter do not include an estimated \$25m arising from the devaluation of the Australian dollar on March 2. This results from Asarco's 44 per cent stake in the Australian MIN Holdings. These exchange gains will be taken into Asarco's results for the current quarter.

As in the cases of other transatlantic natural resource majors,

an important factor in the improved first quarter results has been the benefit of the measures put into force last year to reduce costs and improve productivity.

Mr Ralph L. Hemmick, the chairman, comments: "Since late 1981 Asarco has streamlined its operations sufficiently to be able to operate profitably again. However, further strengthening of the economic recovery, which now seems to have arrived, will be required to sustain and improve the company's present level of earnings."

Better profits at Homestake

HIGHER gold and silver prices have lifted first quarter earnings of America's veteran Homestake Mining. Mr Harry Conger, the chairman, says that first quarter results will show a profit of about \$12m (£7.7m), or 35 cents a share. This compares with \$10.4m in the previous three months and only \$2.4m in the

first quarter of last year. Mr Conger points out that operating costs in the latest quarter were held to some \$24m, only 2 per cent above those of a year ago. "Gold and silver were unquestionably the big winners for us," he adds, although silver earnings were checked by reduced production

from the Bulldog mine in south-western Colorado. Homestake has sold some 2.6m shares out of the extra 3m common shares authorised earlier this year. As a result the proceeds of about \$72m should allow the company to undertake planned capital projects without recourse to the debt market.

China interested in Australian iron ore mine joint ventures

AT LEAST three Australian companies have offered to discuss joint ventures with the Chinese Government in the development of new Australian

iron ore mines, reports Mark Baker from Peking. Mr. Jin Shuping, deputy general manager of China International Trust, said that proposals had been raised by Mt. Goldsworthy, Hamersley Holdings and Broken Hill Pty. Ltd.

He returned to Peking yesterday after a six-day visit to Australia with the Chinese premier, Mr. Zhao Ziyang, during which he specifically looked at investment prospects. He said that China was interested in securing long-term iron ore supplies by either taking a substantial holding in an existing mine or forming a joint venture to open a new one.

Mr. Jin said that he had discussed the matter with many company officials. Asked whether any of

the companies had proposed possible partnerships, he said: "They all proposed something like that. They all had proposals. I think especially Goldsworthy and Hamersley."

He said that Chinese officials would now make a detailed study of various options but the country would probably take up its investment interests in two stages. "The first stage is to sign a long-term contract for the supply of iron ore and then we can go into exploration of a new project."

China is keen to invest in Australian iron ore mines in order to secure long-term supplies of high grade ore for the giant Baoshan steelworks, near Shanghai, the first stage of which is nearing completion.

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For a copy of our 1982 Annual Report, please contact: The Secretary, Thomas Tilling plc, Crewe House, Curzon Street, London W1Y 8AX.

BASE LENDING RATES

A.B.N. Bank	10%	Grindlays Bank	11%
Al Baraka International	10%	Guthrie & Mahon	10%
Allied Irish Bank	10%	Hambros Bank	10%
Amro Bank	10%	Heritable & Gen. Trust	10%
Henry Ansbacher	10%	Hill Samuel	11%
Arbutnot Latham	10%	C. Hoare & Co.	11%
Armed Trust Ltd.	10%	Hongkong & Shanghai	10%
Associated Corp.	10%	Kingdom Trust Ltd.	12%
Banco de Bilbao	10%	Knightsbridge & Co. Ltd.	10%
Bank Hapoalim BM	10%	Lloyds Bank	10%
BCCI	10%	Mallin Limited	10%
Bank of Ireland	10%	Edward Muntz & Co.	11%
Bank of London	10%	Midland Bank	10%
Bank of Cyprus	10%	Morgan Grenfell	10%
Bank Street Sec. Ltd.	10%	Nat'l Westminster	10%
Banque Belge Ltd.	10%	Norwich & Gen. Tr.	10%
Banque du Rhone	11%	P. S. Refson & Co.	14%
Barclays Bank	10%	Roxburgh Guarantee	10%
Beneficial Trust Ltd.	11%	Royal Trust Co. Canada	19%
Bremar Holdings Ltd.	11%	Slavenburg's Bank	10%
Brit. Bank of Mid. East	10%	Standard Chartered	11%
Brown Shipley	10%	Trade Dev. Bank	10%
Canada Perm. Trust	11%	Trustee Savings Bank	10%
Castle Court Trust Ltd.	10%	TCB	10%
Cayzer Ltd.	10%	United Bank of Kuwait	10%
Cedar Holdings	10%	Volkswagen Ind. Ltd.	10%
Charterhouse Japhet	10%	Westpac Banking Corp.	10%
Choulatons	11%	Whiteaway Laidlaw	10%
Citibank Savings	11%	Williams & Glyn's	10%
Clydesdale Bank	10%	Winttrust Secs. Ltd.	10%
C. E. Coates	10%	Yorkshire Bank	10%
Comm. Bk. of N. East	10%	Members of the Accepting Houses Committee	
Consolidated Credits	10%	7-day deposits 8.75%, 1-month 7.00%, 3-month 6.50%, 6-month 6.00%, 12-month 5.50%	
Co-operative Bank	10%	7-day deposits on sums of under £10,000 9.5%, £10,000 up to £50,000 7.5%, £50,000 and over 6.5%. Call deposits £1,000 and over 6.5%. 21 day deposits over £1,000 7.5%. Demand deposits 6.5%.	
The Cyprus Popular Bk.	10%	Mortgage base rate	
Duncan Lawrie	10%		
E. T. Trust	10%		
Exeter Trust Ltd.	11%		
First Nat. Fin. Corp.	13%		
First Nat. Secs. Ltd.	13%		
Robert Fraser	10%		

THE GRIFFIN IS MOVING DOWN THE STRAND



THE GRIFFIN IS NEAR

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Over-the-Counter Market

1982-83	Company	Price	Change	Div. (p)	%	Actual	Yield	P/E
High	Low							
122	120	Ass. Brit. Ind.	Ord.	134	8.4	4.8	7.8	10.2
138	117	Ass. Brit. Ind.	CULS.	62nd	8.1	3.8	17.7	17.2
74	57	Alfredung Group		30	11.3	14.3	3.2	8.5
30	30	Armstrong & Rhodes		12	11.2	11.1	—	—
321	187	Bardon Hill		142	15.7	11.1	—	—
143	100	CCU 11pc Conv. Pref.		210	17.6	8.4	—	—
270	210	Clintock Group		81	6.0	11.8	8.1	8.7
96	91	Deborah Services		97	—	—	—	—
77	77	Frank Horsell		84	8.7	9.1	10.8	11.4
85	79	Frank Horsell Pr Ord	87	84	7.1	11.5	2.5	12.3
83	61	Frederick Parker		35	—	—	—	—
95	34	George Blair		165	7.3	9.6	10.0	12.8
100	74	Ind. Precision Castings		165	15.7	8.5	4.4	8.2
105	100	Isle		144	7.2	6.2	—	—
144	94	Jackson Group		212	3.8	4.5	18.5	17.2
214	111	James Burrough		260	20.0	13.2	1.7	24.7
260	148	Robert Jenkins		83	5.7	—	—	—
83	54	Scrutton		115	17.4	8.9	5.2	8.8
187	112	Torday & Carlisle		27	0.48	1.8	—	—
85	84	Walter Alexander		254	17.1	6.6	4.1	8.4
220	214	W. S. Yeates						

Prices now available on Prestel page 48146.

UK COMPANY NEWS

Solicitors' Law losses reduced to £0.45m

REDUCED losses before tax of £445,000 against £735,000 have been shown by the Solicitors' Law Stationery Society for 1982. The directors say the group earned profit during the last quarter of 1982 and profitable trading has continued throughout the first quarter of 1983. At the half-year stage pre-tax losses amounted to £14,000 compared with previous profits of £63,000. For the year under review the turnover of this company with interests in printing and legal services, moved ahead from £21.95m to £22.59m. Mr John Swinborough, managing director, says the company was "substantially in the black in the first quarter," and he expects profits to continue. Having taken into account lower costs he is reasonably confident the company will end up with a "sensible profit" for the year. The loss per share emerged lower at 3.5p (4.5p), and there is again no dividend. Mr Swinborough says the prospects for a dividend in the foreseeable future "must be better." He notes that reserves were in deficit and said the company was not contemplating a capital reconstruction.

comment
Solicitors' Law's 40 per cent reduction in pre-tax losses sees it emerging from a six-year decline. The company has shed 20 per cent of its workforce in the past year, disposed of its unprofitable conference subsidiary and completed a £1.1m investment in computer typesetting and general computing. Order books across the board are up more than 10 per cent in the current year, partly stimulated by price reductions of up to 30 per cent in the stationery divisions, which the company admits had drifted out of line with the market, despite the impact this has had on margins, trading was profitable in the final quarter and continues that way. The group anticipates a "sensible" profit in the current year. Orders are also being supported indirectly by the pickup in the housing market, where an increased volume of conveyancing has created rising demand for legal stationery and forms. Future growth lies in the company's new software packages for automating solicitors' routine work, of which it has introduced three, with plans for around 12 more. It has recently acquired a small commercial stationery wholesaler to test that market as another possible growth area. The shares rose 1p to 23p.

Polymark beats revised forecast

STRUCK BEFORE exceptional charges of £224,000 profits of Polymark International totalled £710,000 for 1982, a slight improvement over the revised forecast made in November of 1980 before exceptional items of £200,000. Pre-tax profits came to £475,000. From the previous year the group, a supplier of machinery to laundries and a garment manufacturer, incurred taxable losses of £107,000. Recently-appointed chairman Mr Len Weaver comments that 1982 was a demanding and intense year for the group. He adds, however, that the group has emerged from 1982 in a better shape and better organised to tackle the threats and opportunities facing it and points out that there are now signs that some of the markets are beginning to pull out of recession.

Although he says it is prudent to be cautious about prospects for 1983 because of the seasonal nature of demand for some products and the possible effect of fluctuating exchange rates, he is confident that further progress will be made. As forecast, no dividend will be paid on the ordinary shares for 1982. A first dividend of 3.75p net per convertible preference 'A' share was paid last December. Turnover for the year under review expanded from £21.64m to £24.34m and at the trading level profits amounted to £1.88m (£244,000) before the cost charges of £968,000 (£951,000). Tax took £469,000 (£36,000) and minorities accounted for £33,000. Extraordinary items, added £500,000 (took £1.84m). Loss per ordinary share pre-

extraordinary items came through at 2.57p (2.54p). **comment**
Last year was a traumatic period for British laundry equipment makers. Both Neil & Spencer, which reported last week, and Polymark had to be pulled back from the brink by cash injections and surgery. Polymark returned from an 18 month share suspension following a rights issue and institutional capital injection in July. Even after this the tough state of the UK market led to a downward revision of the profits forecast in November to around the level actually achieved. The new chairman, put in by the institutions, has overseen a major restructuring and further cuts in the workforce—now half the level of three years ago—the cost of which has been taken as an exceptional item. The

industry has been suffering from poor demand and intense import competition, particularly from the Germans. Ironically Polymark's own attempt to invest in Germany turned sour in 1981 and it was £2.3m provisions against this that ravaged the shareholder's funds. Helped by the new money gearing has been pulled below 100 per cent. Most overseas activities are performing well and exports should benefit from a weak pound, but the main improvement is expected at home where there are signs of some pickup in demand after a much delayed re-investment by customers. Even so there seems little room for price increases and the hospital service, a major user, continues to postpone buying decisions while its operations are reviewed. Yesterday Polymark's shares rose 1p to 22p.

Travis and Arnold rises 39%

BUILDERS AND plumbers merchant and timber importer Travis & Arnold pushed up taxable profits from £5.37m to £7.49m in 1982—an increase of 39.3 per cent. Turnover advanced by £10.22m to £100.63m. Earnings per 25p share (after preference distribution but before tax) are given higher at 43.7p (31.3p) and the final dividend is being raised from 3.5p to 4.06p net making an increased total of 5.46p (4.35p).

The directors say the improvement in turnover has been maintained in the first quarter of 1983 and they are optimistic about the remainder of the year. At the half-year stage the company had already advanced from pre-tax profits of £2.01m to £2.81m on turnover of £47.05m (£43.8m). For the year trading profits rose by 31.6 per cent to £6.08m (£4.6m). Pre-tax profits included £22,000 received of £218,000 (£259,000), a surplus of £218,000 (£180,000) on the sale of investments and a profit of £292,000 (£63,000) on the sale of properties.

Tax took £2.55m (£1.98m) and after preference dividends of £28,000 (same) and ordinary dividends of £232,000 (£232,000) the retained balance emerged at £3.94m (£2.62m). Shareholders' funds stood at £41.31m (£37.36m) at the year-end. Net cash and short-term investments amounted to £7.22m (£4.85m). Current cost adjustments reduced the pre-tax figure to £8.09m (£4.2m) and earnings per share (before tax) to 35.5p (24.5p).

Gallaher ahead by 27% in first quarter

FIRST QUARTER profits before tax at Gallaher showed a 27 per cent rise from £23.6m to £30m for the three months to the end of March 1983. Sales moved ahead from £576m to £688.7m, excluding VAT.

Virtually all sectors of the group made good trading progress, says Mr S. G. Cameron, chairman. He points out that interest charges were down from £4m to £2.6m as a result of lower borrowings. This Belfast-based group is wholly-owned by American Brands. A breakdown of turnover and trading profit by division shows: tobacco £29.5m (£489.7m) and £28.4m (£28m); optical £16.8m (£15.7m) and £2.5m (£2.2m); pumps and valves £21.9m (£17.3m) and £0.8m (£0.3m); distribution £126.6m (£110.6m) and £1.8m (£1.1m); office products £13.8m (£12.3m) and losses £0.2m (profit £0.5m). Interest charges were £2.6m (£4m) for £33.3m (£49.6m) and adjustments took £0.8m (£2.5m).

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is 10 per cent, the same as last week and compares with 13 per cent a year ago. The bonds are redeemable on May 2 1984 at £100. A full list of issues will be published in tomorrow's edition.

Rush & Tompkins improves to £2.3m

A RISE in second-half profits from £1.24m to £1.33m pushed up 1982 pre-tax figures of Rush & Tompkins Group to £2.21m, against £1.71m previously. Turnover of this property investment and building and civil engineering contracting group was £7.63m higher at £91.57m. With state earnings per 25p share ahead from 12.3p to 16.4p, the year's dividend is being lifted by 1.75p to 6p net with an increased final of 4.35p (2.75p). Net assets were slightly lower at £1.82m (£1.86m), but trading profits, including associated companies, improved from £2.3m to £3.03m. Central expenses took £369,000 (£370,000) and interest charge was £2.17m (£2.08m). Tax increased from £218,000 to £208,000, while there were also minority credits of £11,000 (£24,000 debits) and extraordinary charges of £45,000 (£37,000). The 1982 extraordinary items

comprised: £172,000 provision for cost on termination of subsidiary licence agreement; £22,000 closure and reorganisation costs; £324,000 adjustment on sale and purchase of subsidiary shares; less £473,000 exchange profits. Net assets per share rose from 33p to 34p. Far-reaching changes were made to the structure of the company's organisation from the beginning of 1983. UK building and civil engineering divisions were combined and all major construction work will be undertaken in the name of Rush and Tompkins. During the year, the company renegotiated its financial facilities, so as to provide a more appropriate balance between medium and short-term loans, and has converted some £10m into the latter category. Borrowings at the end of 1982 showed a substantial increase over the previous year largely

due to the purchase of Arlington Developments. As its schemes are undertaken these will be sold and the investment recovered.

William Nash

On turnover of £9.88m, against £9.55m, William Nash, specialist paper maker, turned in taxable profits of £226,555 for 1982, compared with losses of £188,888 previously. Earnings per £1 share are shown as 84p (50.8p losses) and the dividend is 11p (nil) with a 5.5p final payment. Tax charge was £51,367 (£13,740) and there was an extraordinary credit of £14,645, against a £46,961 debit.

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Clive Discount Holdings PLC

Results for the year ended 31st March 1983		1983 £'000	1982 £'000
■ Profits up 70% at £1.85m	Consolidated profit for the year after rebate, taxation and transfer to contingencies reserve	1,850	1,086
■ Shareholders' Funds increase £1.3m to £8.048m	Dividends	734	391
■ Dividend doubled to 3.2p per share	Transfer to Capital Reserve	228	—
■ Current Assets up 52% at £386m		888	695
	Balance brought forward	1,112	417
	Balance carried forward	£2,000	£1,112

The above results are an abridged version of the company's full accounts which carry an unqualified auditors' report and which have not yet been filed with the Registrar of Companies.
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Ash & Lacy Year of Growth 31% increase in profits

1982 was a good year for the group. For the first time pre-tax profits exceeded £3.0 million. We maintain a strong faith in our continuing growth. New investment of £1.0 million has just been approved, this is in addition to £1.7 million already authorised.

	Sales £'000	Profit before tax £'000	Dividend
1981	25,237	2,349	14.0p
1982	27,070	3,079	18.0p

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BIDS AND DEALS

Wolverhampton & Dudley makes final £26m bid for Davenports

BY GARETH GRIFFITHS

Wolverhampton and Dudley Breweries yesterday made its third and final bid for Davenports, the Birmingham-based brewer. The offer is worth £25.2m.

The revised offer provides that for every five Davenports ordinary shares there is an option of four new W and DB shares and £4.75 in cash or £15.75 in cash. The offer document says that with a mid-market price on April 22 of 280p for a W and DB share, the shares and cash terms imply a value of £19p for each share of Davenports. The 60p per share in cash for the 200,000 preference shares remains the same.

Bill Samuel, Davenports' financial advisers, immediately said the offer had been revised marginally and that it in no way altered the views of Davenports board to reject the offer. A rejection document is to be sent out to shareholders next week.

Wolverhampton said yesterday it was paying £8m in goodwill for the company. It said it did not regard Davenports' 50 per cent dividend increase "which we assume is a direct consequence of our offers" to be prudent. Wolverhampton intends to increase its dividends from 6.06p to not less than 6.75p per share for the year ending September 30, 1983.

Mr Robert Houle, Wolverhampton's finance director, said that if the takeover bid did not succeed Wolverhampton "would pack our tents and that is it". The latest Wolverhampton price for Davenports implies an exit price/earnings ratio of 23.2.

The cash element for the Wolverhampton bid would be funded through bank facilities. The company already owns 9.8 per

cent of Davenports and says the takeover would make sense because of geographical proximity and complementary product ranges.

Wolverhampton made its first bid worth £21m on March 9 and a second bid worth £23.5m on March 22. This attracted acceptance from just 1.17 per cent of ordinary shareholders by the first closing date on April 18. The closing date for the bid's acceptance is May 10.

TRUST MERGERS CLEARED

The proposed merger between Throsmorton Trust and Penland Investment Trust and the proposed merger between Edinburgh Investment Trust and Scottish United Investors will not be referred to the Monopolies and Mergers Commission.

Ladbroke Holidays expansion

Ladbroke Holidays, a subsidiary of the Ladbroke Group, has purchased 60 per cent of Club Cantabrica Holidays, of St Albans, Herts, for £2.45m subject to an increase of up to £300,000 depending on 1983 profits. Ladbroke recently purchased Cheshire-based Berkeley Holidays.

Club Cantabrica, a market leader in the provision of budget-priced coaching holidays to the Mediterranean, will be responsible for the management of Berkeley Holidays.

Formed in 1976, Club Cantabrica currently has a programme for 35,000 holidaymakers in 1983. The programme is mainly self-catering in villas, apartments, mobile homes and tents. The company also runs a winter programme of skiing holidays.

Mr David Stewart, who founded the company with his wife Linda, and who is staying on as managing director, said: "By joining Ladbroke we now have the financial resources and the experience to achieve substantial growth in future years." The acquisition is a further overseas move by Ladbroke Holidays. Mr John Jarvis, its chairman, said it provided an ideal base for expansion and he looked forward to "an exciting and profitable growth together".

Ladbroke Holidays has an option to acquire the outstanding 40 per cent of Club Cantabrica Holidays, presently held by Mr Stewart and his wife.

CANAL-RANDOLPH

Directors of Canal-Randolph Corp voted to reschedule the company's annual meeting to June 15 from May 6. The meeting will be held at 2 pm at the Chemical Bank auditorium in New York City. A new record date of May 6 has been established for voting at the rescheduled meeting.

Trumanns gets Austin agreement as offer is increased to 92p

The directors of James Austin Steel Holdings have agreed to an increased offer of 92p from Trumanns Steel Group to purchase the 3.44m shares of Austin not already owned. The new offer values the company at £4.14m.

On April 7 Trumanns increased its offer by 10p to 87p.

Austin directors, who have been advised by Hambros Bank, consider the new terms fair and reasonable and intend to recommend that shareholders accept the offer.

Directors have given irrevocable undertakings to accept in respect of their own holdings amounting to 579,900 shares and

other shareholders have also given the same undertakings in respect of a further 1.21m shares representing in aggregate 42 per cent of the issued capital.

Trumanns already owns 1.16m Austin shares and is accordingly in a position to increase its holding to 3.05m shares (87.77 per cent).

The offer is subject to the same terms and conditions as that despatched to Austin shareholders on April 12, save that the condition relating to confirmation from the Office of Fair Trading no longer applies as it has already been received.

As previously stated, it is the

intention of Trumanns to develop and expand, both organically and by acquisition, the business of Austin and to endeavour to maintain the listing of Austin's ordinary shares.

The interests of the management, staff and employees of Austin and its subsidiaries, including their existing pension rights, will "be fully safeguarded and in the present circumstances no redundancies are foreseen."

Documents in respect of the revised offer will be posted as soon as possible to Austin shareholders.

Austin shares closed 6p up yesterday at 92p.

Re-finance plan by Security Centres

THE FAST expanding Security Centres Holdings has decided to re-finance its two recent U.S. acquisitions, Jewellers Protection Service and the assets of Supreme Burglar Alarm and Supreme Protective Systems by way of an offer for sale of the U.S. subsidiary on the London stock market.

The aggregate \$26m cost of the purchases has since the February acquisition, date, been financed by open market bank loans. But, although Security Centres debts remain well within existing borrowing facilities, SCUSA will be coming to the market as soon as it is appropriate.

To avoid any dilution of the parent company's stake in the U.S. offshoot, Security Centres and holders of executive options will subscribe in advance of the issue. It is intended that Security Centres shareholders will be given preferential rights to subscribe for the majority of shares offered.

The group explained yesterday that the main reason for the decision to float the U.S. operations separately is that these have been growing at an exceptional rate in recent months and have tended to overshadow the UK activities, which have also been growing at a rapid pace, and have excellent future prospects. Recent acquisitions add a further 5,000 systems to the existing UK base and new systems can be added cheaply and effectively to the domestic network.

Overseas order for Shapecut Machines

Shapecut Machines of Reading reports that its expansion into production of special purpose robots has led to a £55,000 order from a major car manufacturer in South Africa.

The privately-owned company, founded in 1971 in the profile cutting machines business, had sales of £3m in 1978. When recession hit it used £80,000 from British Technology Group and £75,000 from NatWest under the small firm's loan guarantee scheme, to develop a new range of computer numerically controlled machines.

Computerisation and a halving of staff over the past three years has sharply improved its competitive edge. Owing to agency error a recent reference to the company was incorrect.

DOW SCANDIA

Dow Scandia Holdings has bought a 75 per cent interest in Offshore Group, interior design and building contract management consulting firm. Offshore's forecast turnover for 1983-85 is approximately £7m.

Tilling court order withdrawn

BTR has announced that the court order obtained by Thomas Tilling in Cook County, Illinois, to restrain BTR from posting its offer and from acquiring shares in Thomas Tilling has been withdrawn. BTR said the effect of the order sought by Tilling would have deprived 47,000 shareholders (only 35 having registered addresses in the U.S.) of the opportunity to consider BTR's offer set out in their offer document on April 19.

It was announced last week that an insurance offshoot of Tilling had sought to block the issue of BTR's offer documents on the grounds that prior permission was necessary in order to acquire a U.S. insurance business.

BTR claimed the court action

was an attempt by Tilling to draw attention away from the takeover issue.

DELTA GROUP
Delta Group confirms that its South African holding company, Delta SA (Pty), has merged its electrical repair and insulation business in South Africa with the largest electrical rewinding company there, L. H. Martinussen, in which the GEC group previously owned a 55 per cent interest.

The merger was ratified by the LHM holders on March 21, and on April 25 LHM allotted new shares equivalent to 51 per cent of the enlarged group as consideration for the Delta business. The asset value of Delta's

electrical repair and insulation business as at January 1, 1983, attributable to the 40 per cent Delta interest, was £1.4m and the attributable profit before tax for 1982 was £0.7m. The value of the LHM assets, attributable to the 51 per cent Delta interest, as at March 31, 1982, was £2.2m and the profit before tax attributable to Delta interest for the year to March 1982 was £0.4m. After an initial period of nine months from April 1, 1983, should either GEC or Delta wish to discontinue their joint shareholding, then either can require all of the shares held by GEC companies, representing 27 per cent of the enlarged group, to be sold to Delta SA at a formula price calculated with reference to the asset value of LHM.



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£ Million	Historic		Current Cost	
	1983	1982	1983	1982
Turnover	401.6	336.8		
Pre-Tax Profits	10.5	9.4	9.6	8.5
Earnings Per Share	27.8p	28.2p	23.8p	23.8p
Dividend on Ordinary Share	5.0p	4.50p		

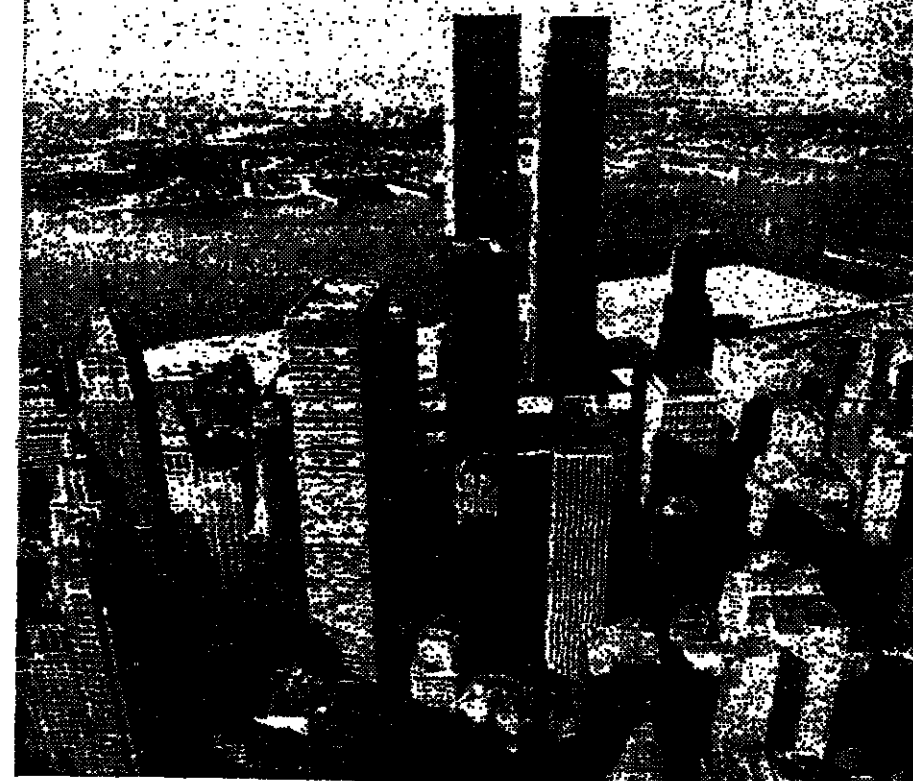
Profits before Tax	Up 11.7%
Dividend	Up 11.1%
Turnover	Up 19.2%



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John Menzies

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why Sears hopes that finance sells well

Paul Taylor on the U.S. retailer's diversification strategy



Steve Allen (left) of Allstate Savings and Loans gives advice to customers at Sears' first Financial Network Centre to be opened outside a retail store, at San Jose, California

A RETAIL store is the least likely place for a businessman to deposit \$3m of cash and securities. Yet this is exactly what happened a few months ago at a branch of Sears, Roebuck, the world's largest retailer.

What the Californian businessman was doing was making use of Sears' rapidly expanding financial services facilities. These took a major step forward 18 months ago when the retailer bought Dean Witter Reynolds, a major U.S. securities firm, and Coldwell Banker, a U.S. property group. At the time, Sears announced that it planned to set up in-store financial centres.

But while the \$3m deposit—made at an in-store financial centre—was a first, it was not the only one. It has almost become a legend inside the company, Sears' executives, high up in the Sears tower in Chicago are tempering their optimism with caution. They are well aware that the real test of their expansion into financial services lies outside the stores.

The company now has 23 in-store centres, with another 18 due to be opened this month. A fortnight ago the first Sears Financial Network Centre to be located outside a retail store was opened in San Jose, California.

Sears' acquisition of Dean Witter and Coldwell Banker moved it further along the road of deregulation in the U.S. financial services sector, the largest of which has been evident for the last five years. After a 33 per cent rise in net income last year to \$862.2m (\$355m), Sears this week reported first quarter net income more than doubled from \$71.4m to \$144.6m on a sales rise of almost \$500m to \$6.91bn. Merchandising recovered from a \$23.2m loss to a \$16.2m profit; income from Allstate Insurance, the largest U.S. insurance company and in the Sears stable for 31 years, was up from \$116.1m to \$173.5m; and Dean Witter Financial Services swung from a \$7m loss to a \$40.2m profit, reflecting an improved investment climate.

The group's revenues of over \$30bn now represent just under 1 per cent of U.S. GNP. If some of Wall Street's analysts still have doubts about the Sears move—"Socks and stocks won't work," they said—they are now based upon uncertainty over Sears' management's ability to capitalise on the opportunities rather than on the logic of the move itself.

Wall Street's investors, it seems, have no such qualms. The group's shares last week hit a seven year high of over \$39 a share. Charles Moran, Sears' vice

president of corporate planning and one of the group's 10-strong strategic planning committee, is philosophical about Wall Street's apparent conversion.

"It has always been interesting to us that at the same time that some people were making light of what we are attempting to do others were very interested and knowledgeable," he says.

Indeed he points out that the Sears move into the financial services sector matches, and has been matched by, others. Today Sears is among half a dozen groups from different backgrounds, including Merrill Lynch, Citicorp, Prudential-Bache, American Express and BankAmerica, which are involved in what Moran terms more of a "revolution" than an evolution in the delivery of financial services.

One of the aims of such a "revolution" is to create the "financial supermarket" a kind of "one-stop shopping centre" where customers can purchase the full range of financial services, everything from stocks and bonds to life insurance, a savings certificate or deposit, a

car loan or a house.

The company boasts "a relationship" with half of America's households, that is one out of every two American families either shops at Sears or uses one of the Sears services, like mail order. It has 831 stores and 2,388 catalogue outlets where customers can collect mail order goods. The potential clients for the in-store financial centres range through all the income groups.

But although Moran expects there to be "several hundred" financial network centres within the next two years, Sears still regards them as the icing on the cake. It recognises that much of its customers' financial business will continue to be conducted through its existing insurance, real estate and brokerage offices. For instance, Dean Witter, among the top half-dozen U.S. securities firms, for which Sears paid \$800m, has 345 offices in 50 states and Coldwell Banker has 460 offices.

While Sears' customers generally recognise Allstate as part of the Sears group, the company has a lot further to go with its more recent acquisitions. Last month the company began a \$12m advertising campaign aimed at persuading customers that dealing with Dean Witter and Coldwell Banker executives is indeed like dealing with their local Sears store salesperson, although the financial network centres are staffed by Dean Witter, Coldwell Banker and Allstate executives.

One of the major areas of emphasis at the moment is on designing and developing products which can be sold throughout different sections of the group. For example Sears is selling new money market instruments developed by its Californian savings and loan association, Allstate S and L, through the Dean Witter office network. One such savings instrument is the S and L certificate of deposit.

This directly addresses one of the major uncertainties which Wall Street analysts have expressed about the trend towards full service financial organisations and that is the question of the integration of services between sectors of a group and

the ability of salesmen to sell a wide range of different products.

Moran does not minimise the group's problems; he admits that in the end success or failure "rides on the back" of the group's individual companies and their officers' abilities to cross-sell products.

It was because it wanted to have greater control over the process that Sears chose to buy into the industry rather than reach agreements with independent financial services providers.

"It was not done by happenstance," says Moran. "The decision to acquire a full service brokerage firm, and a premier real estate entity were based on the fact that our annual of marketing skills was deficient in that respect."

"We had a large multipurpose insurance company, and S and L, the largest consumer credit operation in the U.S. and maybe in the world, but what we didn't have was skills internal to Sears in these areas. They were glaring omissions if we intended to be a full service provider. So we went out and bought them."

For the moment Moran does not see the need for further acquisitions. The group, he says, will concentrate on providing its new services on a national basis from the present restricted basis.

Wall Street analysts, and Sears' competitors, expect the group to be in the forefront of major industry moves in both these areas. Five years from now, Moran says, Sears will be "a substantial player" in the electronic financial services industry.

In the meantime, he says, Sears has no intention of pulling back from its mainstream retailing operation.

Walter Loeb, a Morgan Stanley analyst and one of the few long-time supporters of Sears, is certainly persuaded. He is still recommending Sears' stock.

"I was a lone voice," he says. "Now there is a much greater perception that Sears is entering a new track." He also believes that Sears' management has the "sense of urgency" and the leadership to exploit the possibilities.

Daniel Barry of Kidder, Peabody, however, is more restrained. "It is still too early to evaluate the Dean Witter and Coldwell Banker acquisitions," he says. "They have big potential but are still unproven. But I know it is reasonably happy with them."

"The opportunity is positive," he concludes, but Sears' ability to take advantage of it is still unclear.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Liquidation

A PARTNER and I own a private company with two full shares. The company's only asset is a house converted into holiday flats. We wish to sell the house and close the business.

Could you please advise us on the basic tax problems which will arise on selling, ie, CGT and personal tax, and on the best method of withdrawing the money from the company with the minimum payment of tax, maybe even over a period of several years.

The company will pay corporation tax (at 30 per cent in effect) on the chargeable gain accruing upon the contract for the sale of the property. When the company is liquidated, you and the other shareholder will be liable to capital gains tax on the chargeable gain accruing on each liquidation distribution.

The company's auditors are best placed to advise you from their knowledge of the full background facts.

Offer for sale

Can you please settle an argument which cropped up in our club? We would like to know the workings of an offer for sale of shares of a new issue to be listed on the Stock Exchange.

The argument is mainly about who the money goes to after being subscribed. Is Capital Gains Tax involved in any way and does it make any difference if the people are private persons or a limited company?

Many offers to the public are made on behalf of existing shareholders. In effect, often after a capital reorganisation, which results in shares in renounceable allotment letter form becoming available for transfer without stamp duty. The shareholders would thus face a CGT bill (or a CT bill for a corporate shareholder).

If a company invites the public to subscribe for shares, then there is no CGT or CT bill, of course.

This is only a bare outline, but presumably that is all you need.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Getting the inside edge on patents



Francis Narin: providing "legal intelligence"

WHEN Japanese computer executives were apprehended in California last year for buying secret information about IBM, corporate espionage and intelligence moved beyond the realms of clever embezzlers able to tap into companies' data banks. The highest corporate echelons were revealed to have their own stake in other companies' secrets.

With millions of dollars riding on corporate strategies and their impact on competitors' progress, executives are probably even more anxious to know what is going on in their field than are the larcenous whizzes with a quick buck in mind.

For such an executive, the idea of "legal intelligence" may have particular appeal—or so hopes Francis Narin, the 45-year-old president of Computer Horizons Inc. Based at Cherry Hill, New Jersey, CHI provides an insight into competitors' progress, technology and science by means of a database developed by combining patents filed at the U.S. Patent Office in Washington and also scientific literature.

CHI has broken down the 5m citations obtainable from patent filings into categories that reveal types of research, results and the extent to which one patent may interact with another. This information can then be categorised by geographic region, national origin, individual research laboratories or even key researchers.

"If 25 patents are involved, the companies can look them up themselves, but for 500 they can use us to map them and sort them out," comments Narin. His company has 25 employees and \$2.5m worth of computer equipment which can spew out data on any patent filed over the past 10 years along with the other patents or scientific literature to which it is linked. This indicates the significance of the patent itself, as well as any connection it has with other companies working in the same field or other fields that impinge on a given patent.

The links are further refined and given numerical values and then merged into the patent itself. The shareholders would thus face a CGT bill (or a CT bill for a corporate shareholder).

If a company invites the public to subscribe for shares, then there is no CGT or CT bill, of course.

This is only a bare outline, but presumably that is all you need.

new discoveries and technologies. He has identified a pattern showing that the time span between a patent being filed and its commercial exploitation is on average five years.

The original study, called Trauma, was commissioned by the National Science Foundation, and it looked into the development of oral contraceptives, video-magnetic recording, chemicals research, and electron microscopy.

CHI is now courting the corporate community partly because cutbacks in funding for the National Science Foundation, the National Institutes of Health and other agencies for which CHI has traditionally worked have reduced its government work.

Whereas the government called—and still calls—on CHI to provide the statistics on scientific literature for its annual Science Indicators (published by the National Science Board) CHI believes that corporations may want to know whether the Japanese have been active in any particular field, or about the activities of IBM or a small competitor they might want to buy out.

CHI's opportunity to establish its service arose in 1981 when the U.S. Patent Office made available its computer tapes on patents granted from 1971 to 1981. CHI bought copies of them and then, for two years, stripped the tapes (which contain the first-page summaries and descriptions of the patents), a process which makes the information usable on CHI's computer program.

Frank Lipsius

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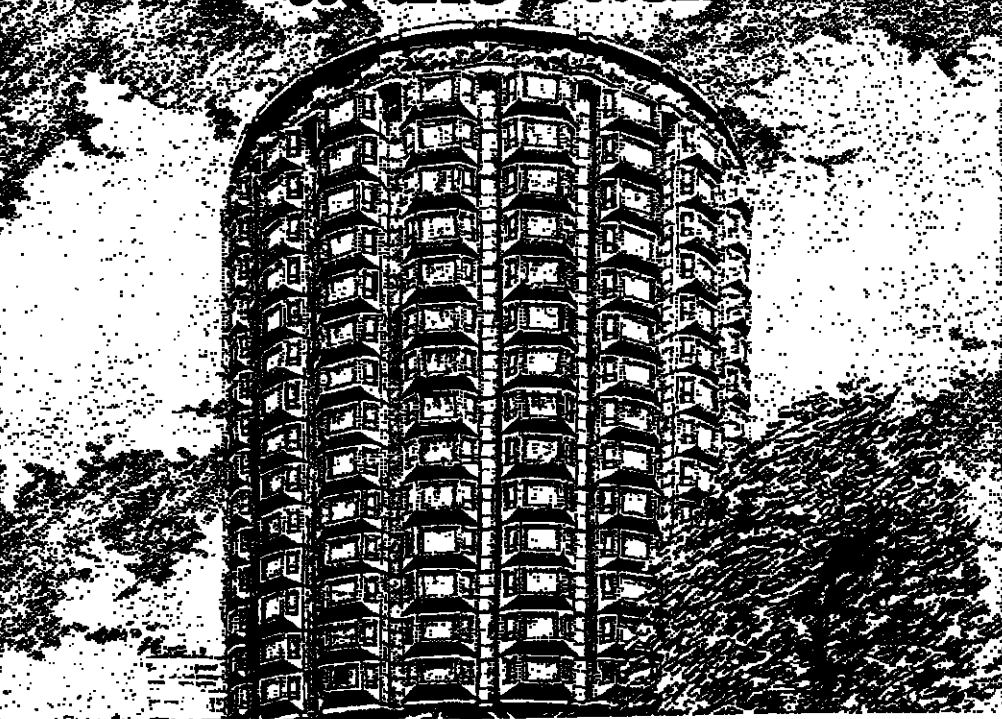
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INSURANCE

A Financial Times survey to be published on July 18, 1983

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A copy of this document together with copies of the other documents specified herein have been delivered to the Registrar of Companies for registration. This document includes particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company and the purchase of the whole of the issued share capital of MCD (Midlands) Limited (formerly The M.C.D. Group Limited). The Directors and Proposed Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts the omission of which would make misleading any statements herein whether of fact or of opinion. All the Directors and Proposed Directors of the Company accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for the relisting with effect from 3rd May, 1983 of the existing issued Ordinary shares of 25p each and for the admission to the Official List of the new Ordinary shares of 25p each proposed to be issued.

MCD

MCD Group plc

(formerly Trafford Carpets (Holdings) plc)

(Incorporated in England under the Companies (Consolidation) Act 1908) (Registered in England No. 117023)

Placing of 2,050,000 Ordinary shares of 25p each
by
ROBERT FLEMING & CO. LIMITED
at 32p per share

In accordance with the requirements of the Council of The Stock Exchange 871,250 of the Ordinary shares have been offered to and are available through the market. Dealings in the Ordinary share capital of the Company are expected to commence at 9.30 a.m. on 3rd May, 1983.

SHARE CAPITAL

The authorised and issued share capital of the Company is:—

Authorised	Issued and fully paid
£4,500,000	£3,485,000
Ordinary shares of 25p each	

No material issue of the Company's shares (other than to shareholders *pro rata* to their existing holdings) will be made within one year of this document and no issue will be made which would effectively alter the control of the Company without (in each case) the prior approval of the members of the Company in general meeting.

INDEBTEDNESS

As at the close of business on 31st March, 1983 the Trafford Group and the MCD Group had cash and bank balances, outstanding borrowings, indebtedness and contingent liabilities secured by debentures and floating guarantees as set out below:—

	Trafford Group £'000	MCD Group £'000
Secured:		
Bank loans	150	—
Bank overdrafts	54	918
FFI (UK Finance) plc	—	201
New purchase creditors	—	53
Unsecured:		
Other borrowings	204	1,185
	204	150
	204	1,335
	—	605
Cash and bank balances	—	605

Save as disclosed above and apart from intra-group indebtedness and guarantees, neither any company in the Trafford Group nor in the MCD Group had outstanding on 31st March, 1983, any loan capital (including term loans) outstanding or created but unissued, mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

DEFINITIONS

The following principal definitions are used in this document:—

"the Company"	MCD Group plc (formerly Trafford Carpets (Holdings) plc)
"the Trafford Group"	the Company and its subsidiaries
"MCD"	MCD (Midlands) Limited (formerly The M.C.D. Group Limited)
"the MCD Group"	MCD and its subsidiaries
"Crossforge"	Crossforge Limited
"the Enlarged Group"	Trafford Group after the purchase of MCD
"Purchase Agreement"	The agreement dated 29th March, 1983, whereby <i>inter alia</i> , the Company conditionally agreed to purchase the whole of the issued share capital of MCD
"new Ordinary shares"	Ordinary shares of 25p each in the Company to be allotted to the existing shareholders in MCD pursuant to the Purchase Agreement
"Robert Fleming"	Robert Fleming & Co. Limited

INTRODUCTION

At the request of the board of the Company, the listing of the Ordinary shares of the Company was suspended by The Stock Exchange on 5th November, 1982 pending agreement for the purchase of MCD. The Purchase Agreement was signed on 29th March, 1983 under which the Company conditionally agreed to purchase the entire issued share capital of MCD in consideration of the issue of 12,500,000 new Ordinary shares credited as fully paid to the shareholders of MCD. Pursuant to another agreement dated 29th March, 1983, Robert Fleming conditionally undertook to purchase at a price of 32p per Ordinary share 2,050,000 of the new Ordinary shares issued to shareholders of MCD and also agreed to use its best endeavours to place these shares at the same price in conjunction with Cori, Gilbert & Sankey, so that when taken together with the existing Ordinary shares this would result in the public holding sufficient Ordinary shares to allow a listing of the Company's enlarged share capital.

The purchase of MCD was approved at the Extraordinary General Meeting of the Company held on 25th April, 1983, and is only conditional upon the Council of The Stock Exchange admitting to the Official List all of the new Ordinary shares to be issued and agreeing to the relisting of the existing Ordinary shares.

Save as otherwise expressly provided, this document has been prepared as if this condition had already been fulfilled and the purchase of MCD had been completed.

REASONS FOR THE PURCHASE

Demand for high quality carpets, such as the Axminsters and Wiltons manufactured by the Company, has deteriorated significantly over the last few years. The results of the Company and the absence of dividends are a reflection of these difficult trading conditions. A major programme of rationalisation and reorganisation has been completed resulting in a smaller but more streamlined company better placed to take advantage of any upturn in trading conditions. However, the Board of the Company does not consider that the Company, as an independent entity, would provide shareholders with an attractive long-term investment as the organic growth prospects of the Company are limited. The purchase of MCD will enable shareholders of the Company to participate in a substantially larger and more broadly based company with better prospects for future growth.

The Board of the Company considers that the resumption by the Company of dividend payments which has been forecast by the Proposed Directors and the fourfold increase in earnings per share on a fully taxed basis more than compensates for the reduction in net assets per share resulting from the purchase of MCD.

The Board of the Company has obtained satisfactory assurances that the existing rights of all employees in the Trafford Group will be safeguarded.

HISTORY

The Company

The Company was incorporated in England on 27th July, 1911 under the name of The English Textiles Manufacturing Company Limited. That name was changed to Textiles Limited in 1945 and to Trafford Carpets (Holdings) Limited in 1969. The Company re-registered as a public company in November 1981 and on 25th April, 1983 changed its name to MCD Group plc.

MCD

In early 1977 Mr. Graham Waldron started, through Crossforge, a new floorcovering distribution business in Kidderminster, trading as Midland Carpet Distributors. Prior to this he had worked for twenty-two years, ultimately as a director, for Gainsborough Distributors Limited ("Gainsborough"), a company engaged nationwide in the wholesale distribution of floorcoverings.

In November 1977, Crossforge acquired the business of Cheshires of Bridgend from Gainsborough. Subsequently the business of Cheshires of Nottingham (which was founded in 1908) was acquired with finance provided by Industrial and Commercial Finance Corporation Limited (now called FFI (UK Finance) plc) in January 1978, aged 18 from Gainsborough, by a new holding company, MCD. At the same time MCD took a 51 per cent. interest in Crossforge in exchange for the issue of MCD shares to certain of the members of Crossforge.

Further acquisitions, all of wholesale distributors of floorcoverings, have followed. Crossforge bought Rolfe & West Limited of Manchester in August 1980, and in November of the same year MCD acquired the assets of P. G. Power & Co. Limited of Belfast through a subsidiary named M.C.D. (Northern Ireland) Limited. In September 1981, MCD acquired Melville & Halsey Limited of Dundee.

On 21st March, 1983 MCD purchased the remaining 49 per cent. interest in Crossforge in exchange for a further issue of MCD shares, with the result that all subsidiaries are now wholly owned by MCD.

BUSINESS

Trafford Group

The Trafford Group manufactures a range of high quality wool-based carpets of the Axminster and Wilton type. These carpets are marketed under some eight different brand names to the wholesale, retail and contracting trades.

The Trafford Group endeavours to provide an ex-stock service on its three major domestic lines, but all contract work is made to order. As its products are marketed in the high quality range, all carpets and raw materials are subjected to rigorous quality control procedures. The yarns, which are the main raw materials in carpet weaving, are purchased from a number of different suppliers. The Trafford Group's sales are broadly based in the UK and considerable efforts are made to sell overseas. There are some 900 active accounts and in 1982 no individual customer accounted for more than 10 per cent. of sales.

MCD Group

The MCD Group carries on business as a wholesale distributor of floor coverings through six separate trading units. The group concentrates mainly on the supply of out lengths of carpet to order, usually to the smaller high street retailers who are unable to carry large amounts of stock, but also to multiple stores. Carpets are also sold by the roll to stockists, and an increasing trade is done with contract fitters.

Carpet sales, comprising primarily tufted carpets as opposed to the more expensive woven varieties, represent the majority of the group's turnover, but vinyl floorcoverings, carpet tiles, rugs, and fitting equipment and accessories are also supplied.

SUMMARY OF FINANCIAL INFORMATION

The following information is derived from the full text of this document and accordingly must be read in conjunction with it.

Market capitalisation at the placing price	£4,460,800
*Annualised consolidated profit before tax of the Enlarged Group for the year ended 31st December, 1982	£638,000
*Annualised earnings per share on a fully taxed basis for the year ended 31st December, 1982	2.20p
Price earnings ratio at the placing price	14.57x
Pro forma consolidated net tangible assets at 31st December, 1982 per Ordinary share	23.21p
*Gross dividend yield at the placing price based on net dividends per share of 1.0p	4.48%
*This takes into account the annualised consolidated profit before tax of the Trafford Group for the year ended 31st December, 1982 which has been calculated on the basis of actual sales and margins in the quarter ended 31st March, 1982 and on an allocation of a proportion of the overheads for the six months ended 31st March, 1982 to that quarter, together with the actual results for the nine months period ended 31st December, 1982.	
*Based on the net dividends which the proposed Directors would have expected to propose if the purchase of MCD had been completed in January 1983 rather than April 1983.	

As delivery and service are considered by management to be important factors in retaining customer loyalty, considerable efforts have been made to ensure that the operations at each trading unit are geared towards the prompt delivery of goods, with frequent scheduled delivery rounds to each area covered by the unit concerned. Orders can usually be processed and ready for delivery by the end of the day following receipt. The trading units are situated at Kidderminster, Manchester, Nottingham, Bridgend, Belfast and Dundee. The location of these units enables the MCD Group to operate throughout Central and North West England, South Wales, Northern Ireland and Central Scotland.

A further important feature in the MCD Group's success has been its marketing strategy, including campaigns supported by manufacturers, aimed particularly at building up the turnover of the businesses acquired by MCD in the period immediately following acquisition.

The MCD Group has adopted a policy of purchasing from a wide range of suppliers, and during 1982 purchases from its largest supplier accounted for less than 12 per cent. by value of total MCD Group purchases. Trafford is not a significant supplier to the MCD Group. Sales are broadly based. There are some 9,000 active accounts and in 1982 no individual customer accounted for more than 1 per cent. of sales.

MANAGEMENT AND EMPLOYEES

Mr. P. J. Cusick, aged 62, will become Chairman of the Company. He was a Director of Finance of Guest, Keen & Nottelshaus PLC from 1974 until he retired in 1981. Currently he is a Director of Turfitt Corporation PLC, Wolsey-Hughes PLC, Associated Heat Services PLC, Leigh Interests PLC, Croyzer Garments Investments Limited, New Court Property Fund Managers Limited and the Birmingham and West Midlands Regional Board of Lloyds Bank Plc.

Mr. G. Waldron, aged 52, has been the Chairman of MCD since it began trading and has been involved in the wholesale distribution of floorcoverings for 28 years. He spent 22 years with Gainsborough reaching the position of Director before resigning in January 1977. He will become Managing Director and Chief Executive of the Company following the acquisition of MCD.

Mr. A. R. Jenkins, aged 55, joined Cheshires of Bridgend in 1963 and since 1966 has been its Managing Director. He will become a Director of the Company following the acquisition of MCD.

Mr. G. Mottram, aged 40, became the executive responsible for administration in the MCD Group in 1977 and was appointed Managing Director of Midland Carpet Distributors in 1982. He has worked in the floorcovering trade since 1960. He will become a Director of the Company following the acquisition of MCD.

Mr. R. H. Brazier, aged 40, has been involved in the floorcovering trade since 1958. He joined the MCD Group in 1977 as a Director of Crossforge. He is involved in the central management of the MCD Group and has specific responsibility for Melville & Halsey Limited and Rolfe & West Limited.

Mr. J. Cairnie, aged 40, has been Managing Director of Melville & Halsey Limited since 1981, before which he had been its Sales Director since 1973.

Mr. H. A. Campbell, aged 57, joined Cheshires in 1970. In 1976 he became Sales Director of Cheshires of Nottingham and in 1981 was appointed its Managing Director.

Mr. J. B. Edgar, aged 47, was appointed Managing Director of P. G. Power & Co. Limited in 1971. He was appointed Managing Director of M.C.D. (Northern Ireland) Limited in 1980 when that company acquired the assets of P. G. Power & Co. Limited.

Mr. J. Mitchell, aged 61, joined Rolfe & West Limited in 1949 and was appointed a Director in 1963. He was appointed its Managing Director in 1980 when it was acquired by Crossforge.

Mr. K. A. Scott, aged 56, is Managing Director of Trafford Carpets Limited. He is a qualified engineer and has been with the company since 1952.

The majority of the management and employees of both the Trafford Group and the MCD Group participate in various commission arrangements and performance related bonuses. Both the Trafford Group and MCD Group enjoy good staff relations and have experienced low staff turnover as many employees have been with these businesses for many years.

The Enlarged Group would have had the following number of employees and directors at 31st December, 1982 all of whom were employed in the UK.

Trafford Group	137
MCD Group	235
Enlarged Group	372

PROSPECTS OF THE ENLARGED GROUP

It is too early in the financial year to make any precise forecast of the profit for the Enlarged Group for the year ending 31st December, 1983. However the Board believes that the Trafford Group's production will benefit from association with MCD, and coupled with the success of the new Axminster quality "Fairway Four", the Board looks forward to a year of improved trading for the Trafford Group.

Trading conditions within MCD Group's businesses remain very satisfactory. MCD is seeking to expand in the U.K. by making acquisitions in those areas not at present covered by the MCD Group's existing trading units.

The Proposed Directors of the Company intend, in the absence of unforeseen circumstances, to recommend the payment in May 1984 of a net dividend to Ordinary shareholders of the Company of not less than 0.66p per Ordinary share for the year ending 31st December, 1983. If the purchase of MCD had been completed and the new Ordinary shares had been issued at the beginning of 1983 the Proposed Directors of the Company would have expected to recommend net dividends totalling 1.0p per Ordinary share. These dividends would have been represented by an interim dividend payable in October and a final dividend payable in May. Such dividends would be covered 2.2 times by earnings per share of the Enlarged Group of 2.2p on a fully taxed basis and would represent a gross yield of 4.5 per cent. on the placing price.

DIRECTORS AND ADVISERS

Prior to the acquisition of MCD:—

Directors:	
Simon Peter Marsh, M.A. (Chair)	23 The Esplanade, Warrado, Liverpool L22 5PT
Kenneth Alexander Scott, C. Eng., M.I.Mech.E.	2 Halbank South, Mablethorpe, Cheshire WA16 7JA
Peter Ridge Marsh, T.D., D.L.	23 Shireburn Road, Formby, Merseyside L37 4JR
Jonathan Granger Marsh, Dip.M.M Inst.M.	The Old Rectory, Brindle, Chorley, Lancashire PR6 8NU
Derek Catfield, F.C.A.	79 Plymford Avenue, Bromborough, Wirral L62 9BL

Secretary and Registered Office:	
Reginald Robert Bacon, A.C.M.A.	Mosley Road, Trafford Park, Manchester M17 1PX

Financial Advisers and Stockbrokers:	
Sheppard and Chase	Clements House, Gresham Street, London EC2V 7AU

Bankers:	
Barclays Bank PLC	Old Trafford, Manchester M16 0QW

Solicitors:	
H.M. Dickinson & Co.	Equity & Law House, 47 Castle Street, Liverpool L2 9UB

Auditors:	
Loxdale & Marsh, Chartered Accountants	17 Harrington Street, Liverpool L2 9QE

Following the acquisition of MCD:—

Proposed Directors:	
Patrick James Cusick, C.B.E., F.C.A., J.Dip., M.A.	"Tress", 3 Stonehouse Drive, Little Aston Park, Sutton Coldfield, West Midlands B74 3AL
Graham Waldron	"Hydema", 6 College Road, Bransgrove, Worcestershire B60 2NE
Graham Mottram	24 Golden Acres, Alveley, Nr. Bridgnorth, Salop WV15 6NU
Alan Raymond Jenkins	"Bell House", Colchester, Nr. Colchester, S. Essex CM7 7NL

Secretary and Registered Office:	
Gregory Royce Redford	MCD House, Birmingham Road, Kidderminster, Worcestershire DY10 2SM

Financial Advisers:	
Robert Fleming & Co. Limited	8 Crosby Square, London EC3A 6AN

Bankers:	
Lloyds Bank Plc	1 Vicer Street, Kidderminster DY10 1DH

Stockbrokers:	
Cori, Gilbert & Sankey	10 Throgmorton Avenue, London EC2N 2DH and at 80 Waterloo Road, Wolverhampton WV1 4QW

Solicitors to the Company:	
Ivens & Morton	Carlton House, Marlborough Street, Kidderminster DY10 1BA

Solicitors to Robert Fleming:	
Liddeters & Paines	Barrington House, 59/67 Gresham Street, London EC2V 7JA

Auditors and Joint Reporting Accountants:	
Post, Marwick, Mitchell & Co. Chartered Accountants	1 Puddle Dock, Blackfriars, London EC4V 3PD

Joint Reporting Accountants:	
Crumpton, Homer & Co. Chartered Accountants	Beauchamp House, 1 Beauchamp Avenue, Kidderminster, Worcestershire DY11 7BJ

Registrars:	
Lloyds Bank Plc	The Causeway, Goring-by-Sea, West Wokingham, West Sussex BN12 5DA

WORKING CAPITAL

The Proposed Directors are of the opinion that, after taking into account the purchase of MCD and having regard to bank and other facilities available, the Enlarged Group will have sufficient working capital for its present requirements.

SUPPLEMENTARY INFORMATION

Detailed financial and other information on the Enlarged Group is set out in the Appendices as follows:—

Appendix I:	Financial information relating to the Trafford Group.
Appendix II:	Accountants' Report on MCD.
Appendix III:	Pro forma balance sheet of the Enlarged Group.
Appendix IV:	Particulars of the Enlarged Group's principal properties.
Appendix V:	Further information.

APPENDIX I

FINANCIAL INFORMATION RELATING TO THE TRAFFORD GROUP

The information which follows has been extracted from the audited financial statements of the Trafford Group.

1. PROFIT AND LOSS ACCOUNTS

The summarised consolidated profit and loss accounts of the Trafford Group for the four years ended 31st March, 1982 and the nine month period ended 31st December, 1982 are set out below:

	1979	1980	1981	1982	9 months ended 31st December 1982
	£'000	£'000	£'000	£'000	£'000
Sales	4,019	3,785	2,960	2,378	2,058
Profit/loss before tax	25	(137)	(174)	44	41
Tax (charge)/credit	(8)	74	—	—	—
Profit/loss after tax	17	(63)	(174)	44	41
Extraordinary items	63	(315)	11	—	—
Profit/loss after tax and extraordinary items	80	(378)	(163)	44	41
Dividends	(25)	—	—	—	—
Transfer to/from reserves	65	(378)	(163)	44	41
Earnings/loss per share	1.19p	(4.35p)	(12.11p)	3.06p	2.86p
Dividends per share	1.67p	—	—	—	—

2. BALANCE SHEET

The summarised consolidated balance sheet of the Trafford Group at 31st December, 1982 is set out below:

	£'000
Employment of Capital	
Fixed assets	428
Current assets:	
Stock	448
Debtors	582
Cash at bank	11
	1,061
Current liabilities:	
Creditors	488
Net current assets	563
	991
Capital Employed	
Share capital: 1,440,000 Ordinary shares of 25p each, authorised, issued and fully paid	360
Reserves	481
	841
Shareholders' funds	150
Medium term bank loans	991

3. NOTES

(a) The financial information set out above has been prepared on the basis of the following significant accounting policies which have been applied consistently, except where stated, throughout the period under review.

(i) Accounting convention
The financial statements have been prepared under the historical cost convention as adjusted by the revaluation of certain freehold property referred to in (ii) below.

(ii) Sales
Sales represent the invoiced value of goods sold, less returns, and are shown net of value added tax.

(iii) Fixed assets
Fixed assets are shown at cost less depreciation to date, except for a freehold site in Northern Ireland which is included at a valuation carried out in 1981.

(iv) Depreciation
Depreciation is provided at the following rates calculated to write off the cost of fixed assets over their estimated useful lives on a reducing balance basis:—

Plant and machinery	10 per cent. per annum
Office equipment	10 per cent. per annum
Motor vehicles	20 per cent. per annum

No amortisation is provided on freehold or leasehold property.

(v) Stock
Stock is valued at the lower of cost and net realisable value and includes, where appropriate, an appropriate proportion of overhead expenses.

MCD GROUP plc continued

(a) Deferred taxation

For accounting periods commencing after 31st March, 1981, no deferred taxation has been provided since, in the opinion of the Directors, any potential liabilities are unlikely to crystallise in the foreseeable future. Deferred taxation previously provided on timing differences arising in respect of accelerated capital allowances, stock relief and other timing differences less recoverable advance corporation tax was released in the accounts for the years ended 31st March, 1980 and 1981 as an extraordinary item and a prior year adjustment, respectively.

(b) Profit before tax is arrived at after charging the following:

	1979	Year ended 31st March 1980	1981	1982	9 months ended 31st December 1982
	£'000	£'000	£'000	£'000	£'000
Depreciation	50	25	14	20	18
Leasing costs	28	33	11	1	1
Net interest paid	74	58	70	37	25
(c) Extraordinary items comprise:					
Profit on sale of properties	64	6	20	—	—
Sale of goodwill to Somic plc	28	—	—	—	—
Closure costs	(27)	(202)	(8)	—	—
Provision for Trafford Park reorganisation	—	(185)	—	—	—
Release of deferred taxation	—	46	—	—	—
	63	(119)	11	—	—

(d) A prior year adjustment was made in the accounts to 31st March, 1981 to write off Advance Corporation Tax considered irrecoverable of £65,000, and to release the deferred taxation provision of £16,000 which had been retained as at 31st March, 1980.

(e) An analysis of reserves at 31st December, 1982 is as follows:

	£'000
Non-distributable:	
Surplus on revaluation of freehold land	14
Distributable:	
Retained profits	487
	481

(f) Subject to agreement with the Inland Revenue, tax losses carried forward at 31st December, 1982 including stock relief, capital allowances and past unrelieved losses, amount to some £758,000.

(g) Barclays Bank PLC have a charge on the company's premises at Moseley Road, Trafford Park, Manchester to secure the medium term loans and the bank overdraft.

(h) The medium term loans are repayable by equal half-yearly instalments of £21,430.

(i) At 31st December, 1982 the subsidiary companies of Trafford, which were all incorporated in the United Kingdom and wholly owned by Trafford, were:

	Date of incorporation	Share Capital £
Trafford Carpets Limited	7th June, 1961	2
Textiles Limited	24th September, 1969	100
John Hestonshaw & Co Limited	20th October, 1971	100
Darnley Springs Co Limited	8th January, 1937	81,000

4. CURRENT COST ACCOUNTS

Current cost accounts have been prepared for the Trafford Group in accordance with the requirements of Statement of Standard Accounting Practice No. 16. Fixed assets and stocks have been revalued for the purposes of these accounts using Government indices appropriate for the textile trade with the exception of land and buildings, which have been included at the Directors' valuation.

The summarised consolidated current cost profit and loss accounts of the Trafford Group for the year ended 31st March, 1982 and the nine month period ended 31st December, 1982 are set out below:

	Year ended 31st March, 1982	9 months ended 31st December, 1982
	£'000	£'000
Turnover	2,378	2,058
Profit before interest on the historical cost basis	81	66
Less current cost operating adjustments:		
Depreciation	31	23
Cost of sales	33	13
Net monetary working capital	—	1
	(64)	(37)
Current cost operating profit before interest	17	29
Less: Interest	—	25
Gearing adjustment	(14)	(4)
	(23)	(21)
Current cost (loss)/profit	(6)	8
Current cost (loss)/earnings per share	(0.4p)	0.6p

The summarised consolidated current cost balance sheet of the Trafford Group at 31st December, 1982 is as follows:

	£'000	£'000
Employment of Capital		
Fixed assets		1,023
Stock		448
Debtors less creditors and provisions		104
Cash at bank		11
Net current assets		564
		1,587
Capital Employed		
Share capital		360
Current cost reserve		678
Other reserves		399
Shareholders' funds		1,437
Medium term loans		150
		1,587

APPENDIX II

ACCOUNTANTS' REPORT ON MCD

The following is a copy of a report prepared by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Crumpton, Homer & Co., Chartered Accountants, joint reporting accountants on MCD:

1 Puddle Dock,
Blackfriars,
London EC4V 3PD.
Bancroft House,
1 Bancroft Avenue,
Kiddeminsters DY11 7BJ.

29th March, 1983

The Directors,
Trafford Carpets (Holdings) plc.

The Directors,
Robert Fleming & Co. Limited.

The Partners,
Sheppard and Chase.

Gentlemen,

We have examined the audited accounts of The M.C.D. Group Limited ("MCD") and its subsidiaries for the five years ended 31st December, 1982 in accordance with generally accepted auditing standards. The subsidiaries of MCD are listed in note 8 of this report and MCD and its subsidiaries are collectively referred to in this report as "MCD Group". MCD was incorporated in August, 1977 but did not commence trading or become the holding company for the MCD Group until 26th January, 1979. Accordingly, the results covered by this report for the period 1st January, 1978 to 25th January, 1979 are those of Crossfibre Limited, which became a subsidiary of MCD on 26th January, 1979, having been the sole trading member of MCD Group until that date.

The summarised profit and loss accounts, balance sheets, and source and application of funds statements which follow have been prepared using the accounting policies described in note 1 below, and are based on the audited accounts of MCD Group after making such adjustments as we consider appropriate. In particular, as on 21st March, 1983 MCD acquired the minority holding in Crossfibre Limited prior to the acquisition of MCD by Trafford Carpets (Holdings) plc, for the purposes of this report the minority interest in Crossfibre Limited has been treated as being attributable to MCD for the period under review. Crumpton, Homer & Co. acted as auditors of all companies in the group throughout the period under review with the exception of Melville & Hailey Limited, which was acquired by MCD on 4th September, 1981, and is audited by another firm.

In our opinion, the summaries referred to above, together with the notes theron, give a true and fair view of the results and source and application of funds of MCD Group for each of the five years to 31st December, 1982, and of the state of affairs of MCD and MCD Group at that date.

In our opinion the current cost accounts set out below have been properly prepared in accordance with the accounting bases described.

No audited accounts of MCD or any subsidiaries have been prepared in respect of any period subsequent to 31st December, 1982.

PROFIT AND LOSS ACCOUNTS

The summarised consolidated profit and loss accounts of MCD Group for the five years ended 31st December, 1982 are as follows:

	1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Sales	4,844	11,363	13,856	16,838	20,685
Cost of sales	(4,630)	(10,829)	(13,325)	(16,409)	(19,925)
Operating profit	214	534	531	535	760
Net interest payable	(43)	(108)	(196)	(153)	(137)
Profit before taxation and extraordinary items	171	426	335	382	623
Taxation	—	(4)	(5)	(12)	(198)
Profit before extraordinary items	171	422	330	370	425
Extraordinary items	—	(22)	—	—	—
Profit after extraordinary items	171	399	330	370	425
Dividends	—	(8)	(12)	(14)	(21)
Retained profit	171	390	318	356	406
Earnings per share	48.5p	103.5p	80.4p	90.1p	104.0p

BALANCE SHEETS

The summarised balance sheet of MCD and the consolidated balance sheet of MCD Group at 31st December, 1982 are as set out below:

	31st December, 1982	MCD	MCD Group
	£'000	£'000	£'000
Employment of Capital			
Fixed assets		243	929
Subsidiary companies		371	—
ACT receivable		9	9
Current assets			
Stock		667	2,806
Debtors		1,301	4,118
Cash		812	1,942
		2,780	8,866
Current liabilities			
Creditors		1,852	5,799
Bills payable		249	970
Hire purchase creditors		17	71
Taxation		103	209
Loans repayable within twelve months		33	33
Dividends		11	11
		2,265	7,093
Net current assets		515	1,773
		1,138	2,711
Capital Employed			
Share capital		290	290
Reserves		580	2,103
Shareholders' funds		970	2,393
Loans		168	318
		1,138	2,711

SOURCE AND APPLICATION OF FUNDS STATEMENTS

The summarised consolidated source and application of funds statements of MCD Group for the five years ended 31st December, 1982 are as follows:

	1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Source of funds:					
Profit before taxation but after extraordinary items	171	403	335	382	623
Depreciation	43	32	134	165	206
Total generated from operations	214	435	469	547	829
Funds from other sources:					
Issue of shares	18	206	—	—	—
Loans	110	360	253	—	—
Advance from finance company	11	—	—	—	—
	353	1,051	722	547	829
Application of funds:					
Net additions to fixed assets	95	208	213	307	172
Purchase of subsidiaries and new businesses	—	758	376	45	—
Repayment of loans	—	—	88	27	388
Dividend paid	—	4	10	17	14
Taxation paid	—	—	—	9	8
	95	968	687	405	582
	258	83	35	142	247
Movement in working capital:					
Stock	405	808	404	556	(118)
Debtors	224	886	315	561	889
Creditors	(802)	(1,807)	(814)	(1,978)	(743)
Net liquid funds	631	136	130	1,004	219
	258	83	35	142	247

An analysis of the amounts shown in respect of the purchase of subsidiaries and new businesses is set out below:

	Year ended 31st December
	1979 1980 1981
	£'000 £'000 £'000
Issue of shares	118 — —
Cash paid	640 376 45
	758 376 45
Net assets acquired:	
Fixed assets	497 24 7
Net current assets	982 333 28
Loans	(241) — —
	1,238 357 35
Goodwill	— 19 10
Capital reserve arising	(189) — —
Minority interest	(293) — —
	756 376 45

NOTES

1. ACCOUNTING POLICIES

The financial information set out above has been prepared on the basis of the following significant accounting policies which have been applied consistently throughout the period under review.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention as adjusted by the revaluation of certain fixed assets referred to in (iv) below.

(b) Consolidation

The consolidated accounts comprise the accounts of MCD Group for the year ended 31st December, 1982. The results of businesses acquired during the year are included for the period from the date of acquisition to 31st December.

(c) Sales

Sales represent the invoiced value of goods sold, less returns, and are shown net of value added tax.

(iv) Fixed assets

The property at Bridgend is shown at the open market valuation at 18th December, 1981, immediately following the acquisition of the freehold: the property was previously held on long leasehold. The long leasehold premises at Nottingham are shown at their open market valuation at 26th September, 1977.

(v) Depreciation

Depreciation and amortisation is provided at rates intended to write off the cost of fixed assets over their estimated useful lives as follows:

Freehold land	— no depreciation
Freehold buildings	— 2% per annum, straight line basis
Leasehold properties	— over life of lease
Warehouse equipment and office furniture	— 10% per annum, straight line basis
Warehouse and office machinery	— 20% to 25% per annum, straight line basis
Motor vehicles	— 25% per annum, straight line basis

(vi) Stock

Stock is valued at the lower of cost and estimated net realisable value.

(vii) Deferred taxation

Deferred tax is provided in respect of timing differences other than those which the directors consider are likely to continue in the future. No provision is made for deferred taxation on timing differences arising in respect of accelerated capital allowances and stock relief since, in the opinion of the directors, such liabilities are considered unlikely to arise in the foreseeable future. Similarly no provision is made in respect of the surplus arising on the revaluation of the freehold property at Bridgend.

2. PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS

Profit before taxation and extraordinary items has been determined after taking account of the following:

	1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Exceptional profits being the discount negotiated on the book debts on certain businesses acquired by MCD Group, before any financing or collection costs	—	56	25	7	—
Interest payable	43	122	199	171	147
Interest receivable	—	(13)	(3)	(18)	(10)
Net interest payable	43	109	196	153	137
Depreciation	43	82	134	165	206
Hire charges	18	65	48	9	42
Directors' remuneration	23	12	21	18	36
Auditors' remuneration	4	8	13	21	28

3. TAXATION

Taxation charged in the profit and loss account has been as follows:

	1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Corporation tax	—	—	—	6	196
Irrecoverable ACT	—	4	5	6	—
	—	4	5	12	196

4. EXTRAORDINARY ITEMS

Extraordinary items in 1979 comprised legal and other fees in respect of the acquisition of certain businesses.

5. SHARE CAPITAL AND DIVIDENDS

At 31st December, 1982, the authorised and issued share capital of MCD was as follows:

	Authorised	Issued and fully paid
	£'000	£'000
Ordinary shares of £1 each	442,000	232,000
Cumulative Convertible Participating Preferred Ordinary shares of £1 each	58,000	58,000
	500,000	290,000

The cumulative convertible participating preferred ordinary shares are all held by FFI (UK Finance) plc ("FFI"). These shares as a class carry a fixed entitlement to a cumulative preferential dividend of 3% of the net profits before tax of MCD Group as shown by the consolidated profit and loss account, subject to a minimum of £9,900 per annum, together with a further right to participate in the profits of MCD Group as described in note 6 below. The appropriate dividend has been paid in full in respect of each year for which these shares have been in issue. No dividends have been paid in respect of the ordinary share capital of MCD. Since 31st December, 1982 the issued share capital of MCD has increased as described in note 16.

6. EARNINGS PER SHARE

Earnings per share have been calculated on the basis of the profit of MCD Group after tax and before extraordinary items in each year, and the total number of shares in MCD in issue at adjusted for one for one bonus issue in 1980. For the purposes of the calculation the issue of the whole of the shares in connection with the purchase of Crossfibre is assumed to have occurred before 1st January, 1978, since the earnings are stated ignoring minority interest. The number of shares on which earnings have been calculated is 352,540 up to 25th January, 1979 and 410,540 thereafter.

The shares held by FFI have been included in the calculations since these shares carry an entitlement to participate *par passu* with the ordinary shares in the profits of MCD Group to the extent which these profits exceed the amount necessary to pay a dividend on each ordinary share equivalent to the preferential dividend attributable to each share held by FFI. The earnings of MCD Group in each year since 1979 have been sufficient for these rights to become effective.

7. FIXED ASSETS

At 31st December, 1982 the fixed assets of MCD Group comprised the following:

	At cost	At valuation	Gross book value	Accumulated depreciation	Net book value
	£'000	£'000	£'000	£'000	£'000
Freehold property	—	360	360	6	354
Long leasehold property	—	95	95	5	90
Short leasehold property	16	—	16	3	13
Machinery, equipment and furniture	473	—	473	245	228
Motor vehicles	483	—	483	239	244
Total	972	455	1,427	498	929

The freehold property was valued on an open market basis in 1981 and the long leasehold property was valued on a similar basis in 1977.

8. SUBSIDIARY COMPANIES

At 31st December, 1982 the subsidiary companies of MCD, which were all incorporated in the United Kingdom, and its interest therein, were:

	Date of incorporation	Issued Share Capital £	Percentage of share capital held by:
			MCD Crossfibre Limited
Melville & Hailey Limited	26th September, 1946	18,300	100
MCD (Northern Ireland) Limited	28th August, 1979	2	100
Cheshires of Nottingham Limited	16th August, 1979	2	100
Crossfibre Limited	13th December, 1976	123,000	51
Rolls & West Limited	5th November, 1948	14,750	100

*This subsidiary did not trade during the period under review

9. CASH AND BANK BALANCES

MCD Group's overdraft facilities are secured by bank debentures conferring fixed and floating charges on the assets of each company within MCD Group with interlocking guarantees. In respect of

APPOINTMENTS

Managing director designate of English Clays Lovering Pochin

(f) the material contracts referred to in Part I paragraph 4 above;

TECHNOLOGY

EDITED BY ALAN CANE

SEMICONDUCTOR HOUSE PUT CHIPS TO WORK IN DESIGNING MORE COMPLEX CHIPS

Computer aided engineering comes of age

BY LOUISE KEHOE IN SAN MATEO, CALIFORNIA

LIKE the shoemaker's son who has no boots, semiconductor chip companies have been slow to make use of their own products. Now, they are finally setting around to putting microprocessor power to work on their own most difficult engineering challenge—designing new integrated circuits.

Using chips to design chips is called "computer aided engineering" (CAE). Over the past two years several companies have begun applying microcomputers to the task of automating the design of microprocessors. Daisy Systems of Sunnyvale, California, started the trend with its CAE workstations, introduced in late 1981.

Since then, others such as Valid Logic, also of Sunnyvale, Mentor Graphics from Portland, Oregon, have brought competing systems to market. Several more companies—both startups and established—have since followed suit, also having systems under development.

Electronic systems manufacturers, makers of computers, telephone exchanges and aerospace systems, for example, have been quick to recognize the potential of CAE. Most of the three per cent of design engineers who have access to

CAE workstations today are with systems companies.

Now the chip makers themselves are becoming enthralled with computer-aided design. Daisy Systems, the leading supplier of CAE workstations, claims that its system is being used on almost every 28-bit microprocessor design project in the world.

Apart from the fact that they have a larger screen, these workstations look much like any other workstation or personal computer. Inside they are even more similar, using standard microprocessor memory and peripheral chips.

The CAE workstation does for the circuit design engineer what the word processor has already done for the writer. It is a productivity tool that increases output, while also eliminating most of the human errors that can occur in the process of creating a new document or design.

CAE workstations can also complement the creativity of their users. Just as writers who use word processors find that they become free to try out new ideas, new styles and new techniques because editing the ones that do not work is so much easier, so circuit designers say that they too can play around with their designs in the know-

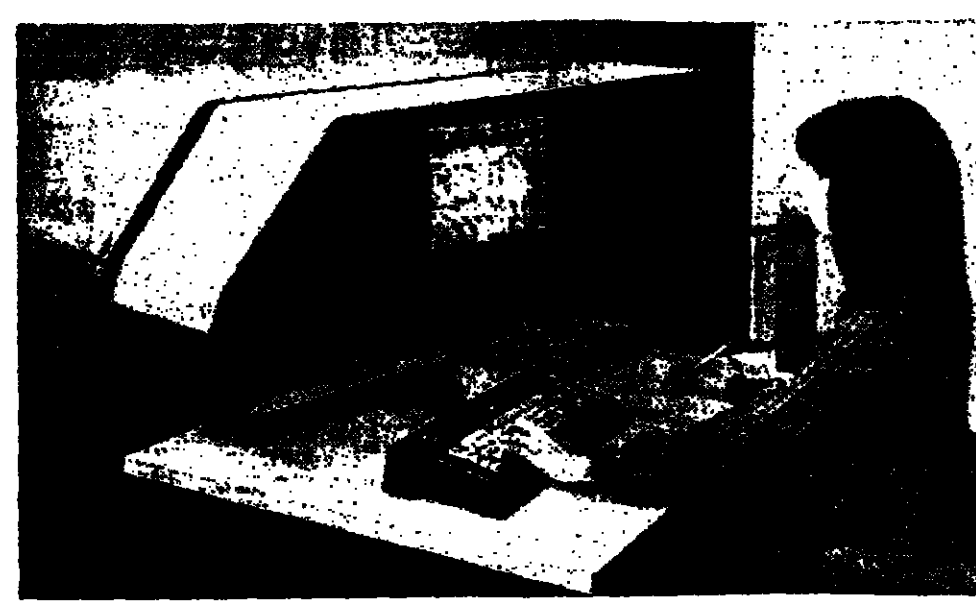
ledge that corrections can be made simply and quickly.

There are, however, some radical differences between the microcomputer for the circuit designer and the ordinary personal computer. First there is the price. CAE workstations cost from \$30,000 to \$100,000 each. Most of the technical differences lie in the software that runs on the machines. CAE software implements a set of highly complex rules of circuit design.

The CAE workstation will automatically flag circuit design errors before they are noticed by the engineer. This is analogous to a writer being told that he has misspelled a word or forgotten to put a verb in a sentence.

The CAE workstation can be applied to several types of design problems. Daisy has so far introduced two types of workstations. The logician is aimed at designers of "custom" chips. The GateMaster is an extension of the system for the design of "gate arrays"—semiconductor devices that are tailored from a standard array of logic devices to fit individual applications.

Instead of words, the engineer's workstation uses graphics. With the touch of a button the engineer can place



a symbol representing a transistor on the screen. Better still, he can automatically route the connection between one transistor and the next in the knowledge that the computer will choose the optimum route for that connection.

If for his own good reason the engineer wants to take a roundabout route to the next point, that is allowed—just as writers sometimes want to break the strict rules of grammar by beginning sentences with "and" or "but."

The most exciting feature of the CAE workstation is, however, that it automatically "reads" the circuit design to verify that it will work to provide cost and time saving by eliminating the process of "printing" the circuit on silicon before it has been proved.

Using CAE workstations, circuit designers can cut the time that it normally takes to design new integrated circuits by as much as 30 per cent, according to the CAE workstation makers.

For chip manufacturers, shorter development times can mean higher profits if they are able to beat their competitors to the market with a new type of device.

By greatly simplifying the process of chip design, CAE

workstations also promise to expand the number of individuals and companies that can design their own "custom" chips.

There are only an estimated 2,000 engineers in the U.S. today capable of designing sophisticated integrated circuits. One hundred times as many engi-

neers work on the design of electronics systems that are built out of those circuits. Using CAE workstations that "know" the details of chip design allows the systems designer to design chip functions without having to bother about all the tedious details of how individual circuit functions operate.

By revolutionising the process of designing integrated circuits, computer aided engineering can be expected to have significant, long-term effects upon the structure of that industry, just as automation has brought new life—and the same time aggravated unemployment in "smoke stack" industries.

KIDNEY TECHNIQUES APPLIED TO CANCER

New uses for dialysis sought

GAMBO, a Swedish medical equipment group, is trying to adapt the techniques developed for kidney dialysis to treat other common diseases such as cancer and haemophilia.

The group has 20 per cent of the world market for kidney dialysis which is estimated to be worth about \$500m. Gambo specialises in three main product groups in the medical field dealing with kidney diseases, the heart and intensive care. Its biggest business, however, is in kidney dialysis.

Mr Anders Althin, president of Gambo, said that the company spends up to 10 per cent of its profits on research and development. At present Gambo has three research centres at Lund in Sweden, Hechingen in West Germany and Los Angeles in the U.S. The aim of the work is to find new methods to treat diseases and to improve already

existing techniques and materials.

For example, Mr Althin said that the company is trying to halve the amount of time kidney patients have to spend connected to a dialysis machine by improving the filter designs.

All dialysis treatment is based on the dialyzer, blood flows between thin membranes with microscopic pores through which waste products can pass. On the other side of the membrane is the dialysis fluid which carries away the body's waste products.

As well as its applications to patients suffering from kidney failure, Mr Althin said that Gambo was looking at the applications of dialysis in the treatment of other diseases such as haemophilia, cancer and rheumatism and a range of autoimmune diseases.

This is an entirely new area of use for dialysis where the blood is removed from the body and harmful substances removed in a continuous process. The potential advantage of this method against conventional chemotherapy is that nothing is being added to cause any potentially harmful side effects.

About 98 per cent of the group's sales of \$100m are outside Sweden. More than half the exports are in Europe. Other large markets are in the U.S. and Japan. Recently introduced into the Swedish stock market the company grew by 24 per cent last year.

Though Gambo was established in Sweden it is an international company employing more than 1,500 employees across the group with manufacturing plants in Europe, Japan and the U.S. and research links with many of the world's most famous hospitals.

ELECTRONIC TYPEWRITER SALES FORGE AHEAD

Upgrade paths in the office

THE 1983 edition of Keith Wharton's text processing survey, OASIS, has been published and shows that, during 1982, electronic typewriter sales continue to forge ahead dramatically in spite of the recession.

Annual sales in the UK alone have grown from 15,000 in 1980 to 71,000 in 1982 and the total installed at the turn of the year was 114,000.

The majority of these machines are relatively unsophisticated says Wharton, and

have few facilities beyond those of the electromechanical machines they replace. Increasingly, however, purchasers are wishing they had bought something better and one company in particular, Rank Xerox, is providing an upgrade path.

According to Wharton, the traditional middle ground suppliers are feeling the pinch while most of the success is at the two ends—the increasingly sophisticated electronic typewriter and the shared resource market in which Wang continues to lead. More on 01 940 7365.

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Computerworld 12,000 attendees worldwide agree.

REPORTS CONFIRM STRONG GROWTH IN COMPUTING/ELECTRONICS

Integrated office systems boom seen

TWO REPORTS from the U.S. predict strong growth in two office electronics / computing areas.

One, from Arthur D. Little predicts a 20-fold increase in the sales of integrated office information systems while the other, from Frost and Sullivan, foresees a further boom in personal computer software.

The A. D. Little researchers put 1983 sales of integrated office systems in the U.S. at about \$1bn and predict that it will rise to an astonishing \$23bn (in constant dollars) only five years after, in 1988.

The total U.S. market for office automation, including the non-

business computers, is put at \$11.3bn for this year, \$36.6bn in 1988 — an average annual growth rate of 26 per cent.

However, the ADL team is of the opinion that widespread use of integrated systems will be delayed until 1985, mainly because of the lack of a single person in potential user companies that has overall responsibility for such a purchase.

At the moment, the responsibilities for office automation, data processing and voice communications are often divided among two or three groups, none of which can make an overall decision.

But say the ADL men, most medium-sized and large companies will have solved their

organisational problems by 1988 and will then be integrating their office automation systems with their telecoms and data processing.

The predictions of Frost and Sullivan in the area of personal computing software are based on its findings concerning the current purchasing habits of users.

Apparently the average PC owner in the U.S. bought \$608 worth of programs at the time he purchased his computer and then, during only the first year of use spent a further \$439 on software.

F. and S. believe that this second wave of spending is highly significant and leads the organisation to forecast a \$1.2bn

market for PC software by 1985, up from \$274m last year. In fact, says the research group, later purchases already accounted for 25 per cent more than initial acquisitions in 1982 and will be 44 per cent higher in 1985. By then the installed base of PCs will be mushrooming.

In the U.S., mail order is the most favoured method of distribution, accounting for 39 per cent of all individual instances of software purchase, chain stores accounting for 30 per cent and specialist retailers 22 per cent. F. and S. in London are on 01 486 8377; ADL is on 01 408 2277.

GEORGE CHARLISH

COMPANY NOTICES

UNILEVER NV.
Rotterdam The Netherlands

ANNUAL GENERAL MEETING OF SHAREHOLDERS
On Wednesday 18th May 1983 at 10.00 a.m. in the "Rijkszaal" of the "Concertgebouw" in Amsterdam, The Netherlands.

AGENDA

1. Consideration of the Annual Report for the financial year 1982 submitted by the Board of Directors.
2. Approval and adoption of the Annual Accounts and appropriation of the profit for the financial year 1982.
3. Appointment of the members of the Board of Directors.
4. Discharge of the Board of Directors.
5. Declaration of Dividend in accordance with Articles 30 and 31 of the Statutes of the Company.
6. Appointment of the members of the Supervisory Board.
7. Appointment of the members of the Board of Directors.
8. Appointment of the members of the Board of Directors.
9. Appointment of the members of the Board of Directors.
10. Appointment of the members of the Board of Directors.

The agenda, the Report and Accounts for 1982, including the Balance Sheet and the Profit and Loss Account for 1982, the proposed Profit Appropriation for 1982, the nomination of the members of the Board of Directors and the nomination of the members of the Supervisory Board are available for inspection by shareholders and holders of certificates issued by UNILEVER NV. at the offices of the Company at the following address: UNILEVER NV., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

(A) Holders of bearer shares or sub-shares wishing to attend the meeting shall in person or by proxy appear in writing must deposit their share certificates and sub-shares certificates with the Company at the following address: UNILEVER NV., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

(B) Holders of registered shares for which certificates have been issued in another form and holders of bearer shares wishing to attend the meeting shall in person or by proxy appear in writing must deposit their share certificates and sub-shares certificates with the Company at the following address: UNILEVER NV., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

(C) Holders of certificates for shares in Unilever NV. issued by UNILEVER NV. Netherlands Administrative on Transference of Assets, wishing to attend the meeting without taking part in the voting must deposit such certificates with the Company at the following address: UNILEVER NV., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

(D) Holders of certificates for shares in Unilever NV. issued by UNILEVER NV. Netherlands Administrative on Transference of Assets, wishing to attend the meeting without taking part in the voting must deposit such sub-shares certificates with the Company at the following address: UNILEVER NV., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

(E) Holders of the certificates mentioned in (C) and (D) above wish to exercise voting rights at the meeting shall in person or by proxy appear in writing, UNILEVER NV. Netherlands Administrative on Transference of Assets, wishing to exercise such rights shall deposit their certificates with the Company at the following address: UNILEVER NV., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

(F) Holders of certificates for shares in UNILEVER NV. issued by UNILEVER NV. Netherlands Administrative on Transference of Assets, wishing to exercise such rights shall deposit their certificates with the Company at the following address: UNILEVER NV., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

The Board of Directors

SELECTED RISK INVESTMENTS S.A.

ANNUAL NOTICE OF MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Selected Risk Investments S.A. will be held at 10.00 a.m. on Wednesday, 18th May 1983, at the "Rijkszaal" of the "Concertgebouw" in Amsterdam, The Netherlands.

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(A) Holders of bearer shares or sub-shares wishing to attend the meeting shall in person or by proxy appear in writing must deposit their share certificates and sub-shares certificates with the Company at the following address: SELECTED RISK INVESTMENTS S.A., P.O. Box 1000, 3000 AA Rotterdam, The Netherlands, from Wednesday, 18th May 1983.

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The Board of Directors

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[illegible]**ET UNIT TRUST INFORMATION SERVICE**[illegible]**ET UNIT TRUST INFORMATION SERVICE****Authorized Units—continued**[illegible]**Insurances—continued**[illegible]**Offshore and Overseas—continued**[illegible]

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NORTH AMERICAN QUARTERLY RESULTS

HUGHES TOOL				NATIONAL CAN				PEMBZOL				PRIME COMPUTER			
First quarter	1983	1982		First quarter	1983	1982		First quarter	1983	1982		First quarter	1983	1982	
Revenue	\$	\$		Revenue	\$	\$		Revenue	\$	\$		Revenue	\$	\$	
310.3m		494.2m		320.5m		338.5m		59.5m		57.2m		120.5m		163.2m	
Net profits	1.9m	67.3m		Net profits	1.9m	4.16m		Net profits	41.2m	38.95		Net profits	4.5m	10.9m	
Net per share	0.02	1.19		Net per share	0.09	0.38		Net per share	0.78	0.76		Net per share	0.27	0.33	
MORRISON-KNUDSEN				PANCANADIAN PETROLEUM				PHILADELPHIA ELECTRIC				RYAN HOMES			
First quarter	1983	1982		First quarter	1983	1982		First quarter	1983	1982		First quarter	1983	1982	
Revenue	\$	\$		Revenue	\$	\$		Revenue	\$	\$		Revenue	\$	\$	
479.2m		542.7m		220.6m		184.5m		723.5m		787.1m		341.2m		380.0m	
Net profits	7.05m	6.71m		Net profits	68.2m	59.0m		Net profits	193.5m	2.65m		Net profits	1.2m	1.2m	
Net per share	0.88	0.66		Net per share	2.12	1.87		Net per share	0.70	0.71		Net per share	0.26	0.26	

European Options appear today on Page 28

LONDON TRADED OPTIONS

CALLS						PUTS					
Option	July	Oct.	Jan.	July	Oct.	Jan.	Option	July	Oct.	Jan.	July
Brit. Petroleum ('588)											
350	100	106	—	2	4	—	—	—	—	—	—
360	70	76	—	5	8	—	—	—	—	—	—
380	46	52	68	11	14	18	—	—	—	—	—
390	46	52	68	16	18	36	50	—	—	—	—
Cons. Goldfields ('544)											
390	167	—	—	2	—	—	—	—	—	—	—
420	177	—	—	—	—	—	—	—	—	—	—
450	97	119	77	5	11	—	—	—	—	—	—
460	54	67	81	12	25	28	—	—	—	—	—
500	65	47	60	33	46	—	—	—	—	—	—
550	38	40	67	—	—	—	—	—	—	—	—
600	11	27	—	67	—	—	—	—	—	—	—
Courtaulds ('98)											
70	27	36	—	1 1/2	2	—	—	—	—	—	—
75	27	30	—	21	2 1/2	—	—	—	—	—	—
90	9	11	14	5	7	9	—	—	—	—	—
100	4	7	9	12	14	16	—	—	—	—	—
Commercial Union ('49)											
120	25	29	—	1 1/2	3	—	—	—	—	—	—
140	20	27	—	3	5	—	—	—	—	—	—
160	7	12	15	16	16	17 1/2	—	—	—	—	—
G.E.C. ('245)											
180	78	84	—	2	3	—	—	—	—	—	—
200	38	38	—	—	—	—	—	—	—	—	—
220	40	46	52	7	14	18	—	—	—	—	—
240	26	32	39	15	22	24	—	—	—	—	—
250	14	—	—	24	—	—	—	—	—	—	—
Grand Met. ('546)											
280	71	—	—	2	—	—	—	—	—	—	—
300	51	57	—	4	6	16	—	—	—	—	—
350	38	38	—	6	16	—	—	—	—	—	—
360	15	20	26	25	28	28	—	—	—	—	—
390	5	10	—	19	51	—	—	—	—	—	—
I.O.I. ('478)											
330	180	—	—	—	—	—	—	—	—	—	—
350	150	—	—	2	—	—	—	—	—	—	—
360	130	126	—	2	3	7	—	—	—	—	—
390	90	107	—	—	—	—	—	—	—	—	—
430	66	74	84	6	14	18	—	—	—	—	—
460	66	46	50	20	24	30	—	—	—	—	—
Land Securities ('339)											
250	75	79	—	2	—	—	—	—	—	—	—

INSURANCE

**A Financial Times
survey to be
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NOTES

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday April 27 1983

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WALL STREET

Faint hearts
have fears
dispelled

YESTERDAY brought one of the most successful trading sessions on Wall Street for many weeks, and after a remarkable turn around from early weakness shares closed at new peaks, with the Dow Jones Industrial Average comfortably over the 1200 barrier, writes Terry Byland in New York.

The trigger for the upturn was pulled by Standard Oil of California, whose shares jumped 5 1/2% to \$38 1/2 after the announcement of sharply increased profits for the opening quarter, against the trend of the industry.

But yesterday's strength also demonstrated the underlying confidence brought to the equity market by lower interest rates and the recovery in U.S. industry.

The Dow Jones Index, down to 1181.02 at one time, climbed strongly in the final hour of trading to close 22.25 up at 1209.46. Turnover of \$7.3m shares was good but not exceptional by recent standards.

The flow of corporate results continued, with the market unchastened by

losses in the airline, steel and machine tool industries.

The loss reported by U.S. Steel, the nation's biggest steel maker, was in line with expectations and the shares added 5 1/4% to \$23 3/4.

In oils, Soconal's results were balanced by a setback in Phillips Petroleum, whose shares nonetheless advanced 5 1/4% to \$33 1/4.

The computer sector rallied well from weakness in the previous session, the exception being Digital Equipment, number two in the industry, which fell a further 5 1/4% to \$113 1/4. IBM, at \$114 1/4 initially, advanced later to \$115, a net rise of 1 1/2 points.

Motor issues remain active, but proved unable to hold their best levels. General Motors shed 5 1/4% to \$64 1/4, after touching \$65 and Ford, trading at \$48 1/4, were finally unchanged. Chrysler gained 1/2 point to \$24 1/4, but further consideration of the results left American Motors 5 1/4% off at \$8.

Lockheed, the defence and aerospace group, was suspended at \$120 1/4 pending a company announcement regarding its Georgia plant.

Fast food shares were active following good results from McDonalds, the industry leader, whose shares slipped 1/2 point to \$22 1/4, and Wendy's trading 5 1/4% up at \$17 1/4. But food manufacturers had Nabisco brands 5 1/4% off at \$35 1/4 and Quaker Oats 5 1/4% down at \$48 1/4.

Higher third quarter profits from Procter and Gamble, the leading soap powder manufacturer, brought a fall of 5 1/4% to \$61 1/4 in the shares after profit taking.

Busy features elsewhere included Pitney Bowes 5 1/4% down at \$62 1/4 on lower results, Cummins Engine 5 1/4% off at \$54 1/4 after disclosing a first quarter loss, and Cincinnati Milacron, the toolmaker, steady at \$31 1/4, despite a turn from profit into loss.

Johnson & Johnson, the pharmaceutical group, came under pressure again, falling 5 1/4% to \$74, as it faced a House subcommittee. Warner Lambert fell 5 1/4% to \$32 on profit-taking after the news of higher profits.

In credit markets, which remained uneasy ahead of the expected announcement today of \$14.5bn Treasury funding, Treasury bill yields were little changed after adjusting to slightly lower rates at Monday's bill auction. At the longer end of the bond market, where next month's federal funding weight will fall, the benchmark 10% per cent 2012 bond edged up by 1/4 to 80 1/4.

A broad-based decline in Toronto prices was led by gold mines and oil and gas issues. Paper manufacturers were the one bright spot in Montreal.

LONDON

Firm pound
sweeps away
early caution

DISAPPOINTMENT at Wall Street's overnight retreat imparted initial caution to London stock markets yesterday. Dealers marked leading shares down across the board, but instead of the expected nervous profit-taking, there was renewed, if selective, investment support and values began to recover soon after the opening.

Sterling's continued firmness to a 1983 trade-weighted high was a consoling influence, and hopes began to rise that New York's dullness could prove to be a temporary setback ahead of today's expected announcement of Treasury financing and future Federal Reserve funding.

The rally in equities gathered momentum following the BL vote for a return to work and advance reports of a CBI survey of UK industrial trends which showed the sharpest improvement in business confidence for some years.

By noon, the FT Industrial Ordinary share index had regained an opening loss of about four points to stand marginally higher. Surprisingly good trading statements from top-line construction issues such as Tarmac and Travis and Arnold gave added encouragement to prospective equity investors before Wall Street's resumed dullness early yesterday dampened spirits again. After showing a rise of 2 1/2 at 3 pm, the index again slipped back below its record closing high of 885.5 and finished 1.9 up at 885.2.

Government stocks extended Monday's upturn in busy trading particularly among shorter maturities. The perky exchange rate was again the chief lure, and to satisfy demand the authorities sold supplies of the £25-paid tap stock, medium-dated Treasury 10% per cent 1989, at 25% before withdrawing.

Mail order groups came on offer after the official close on the announcement that Sears is not to proceed with its plan to create a third force in the sector behind Great Universal and Littlewoods through a bid for Grattan and Empire. Sears rallied 6p to 94p on the news.

ICI edged forward on fresh buying ahead of tomorrow's first-quarter figures to close 4p dearer on balance at the day's best level of 472p.

Meanwhile, the continued failure of the bullion price to make any substantial upward progress led to a further bout of selling in South African golds. Financials were similarly depressed.

AUSTRALIA

Foreign dealing

FOREIGN demand for oil, gas and industrial shares sent prices higher in active trading when the Sydney and Melbourne markets opened after the three day holiday weekend.

The All Ordinaries index closed 5.7 up at 808 - its highest level since December 1981. Resource shares were off their best levels after the backlog of foreign orders had been satisfied and some late selling emerged, particularly among gold miners.

SOUTH AFRICA

Golds down

AN easier bullion price left gold shares marked down in Johannesburg, though they were above the day's lows. Among the heavyweights, Randfontein ended R2 lower at R181 and the medium-priced Blyvoor was 40 cents down at R18.10.

Mining financials were generally steady at lower opening levels, though AngloGold continued to decline.

Industrials finished mixed with an easier bias, reversing their recent upward trend.

FAR EAST

Advance is
resumed
in Tokyo

WIDESPREAD buying of low priced domestic issues and speculative shares pushed prices higher again in Tokyo after Monday's late retreat. The Nikkei Dow Industrial index closed 11.38 ahead at a record 8607.47 while the Tokyo SE index added 1.20 to end at an all-time high of 624.42. Trading was fairly active with a volume of 570m shares.

Issues related to public spending continued to advance, as did chemicals, foods, electronic power companies and oils. Concern over possible liquidation of large margin buying positions, however, left some blue chips easier.

Shipping issues fell back on profit-taking after their sharp rises on Monday. The second market was sharply ahead in active trading, with the index gaining 7.31 to a record 1,018.42 on the shift from blue chips.

Sony lost Y80 to Y3,410 as it went ex-dividend, while Hitachi Zosen fell back Y8 to Y173 and Fuji Photo Y20 to Y1,750. Toyo Kogyo declined Y8 to Y410 and Isuzu Motors Y4 to Y338, both ex-dividend.

The firmer tone was also reflected in Singapore and Taiwan.

In Singapore, buying centered on large industrial concerns and properties, though some profit-taking set in after a steady opening in active selective trading. The Straits Times index rose 5.06 to 932.

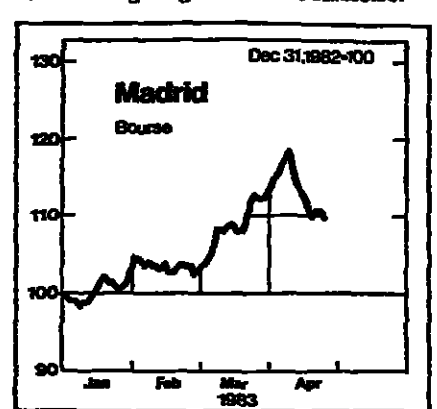
Meanwhile, in Taipei, prices continued to rise and the weighted stock index advanced 14.69 to a record 737.25. The bullish sentiment was aided by a recent Economics Ministry statement that most stocks were still undervalued.

The stock index has gained almost 300 points in the past three months and market capitalisation has risen by around 70 per cent. Most blue chip issues have gained more than 80 per cent in value, with some rising more than 100 per cent.

Against the firmer trend, shares

closed unchanged to slightly lower in Hong Kong after Monday's advance. The Hang Seng index down 12.78 at 1,928.29. The decline was attributed to the weakness of the Hong Kong dollar against the U.S. unit, though some fresh buying was detected during the afternoon when the local currency improved.

Among properties, Cheung Kong was unchanged at HK\$9.90, ex-dividend, while Hongkong Land lost 8 cents to HK\$4.37. Hutchinson Whampoa fell back 30 cents to HK\$14 and Swire Pacific "A" declined 10 cents to HK\$13.70. Jardine Matheson held steady at HK\$14.50, as did Hongkong Electric at HK\$5.95.



EUROPE

Profit-takers
bring a
downturn

A WAVE of profit-taking in the wake of Wall Street's overnight downturn took its toll in many European bourses.

In Frankfurt, there were declines in many sectors, though the underlying trend is still seen to be bullish. Banks, which gained strongly in Monday's advance, fell victim to profit-takers. Commerzbank shed DM 1.10 to DM 175.40 and Dresdner eased DM 1.50 to DM 194.50. Bayernverein fell DM 11 to DM 386 while Deutsche declined DM 5 to DM 348.50.

Precious metals refiner, Degussa de-

clined DM 9 to DM 315, ex-dividend while in other metals, Preussag shed DM 4 to DM 267 and Metallgesellschaft DM 2 to DM 248.

However, electricals went against the trend with AEG DM 2.60 ahead at DM 82.30 and Siemens firming DM 3.30 at DM 346.50.

The Commerzbank index, calculated at mid-session, slipped back five points from Monday's 22-year high to 952.10.

Bond prices eased in dull official trading following Monday's credit market weakness in the U.S.

In Paris, shares were marked sharply lower in quiet trading, with sentiment depressed by Michelin's consolidated net loss of FFfr 4bn for 1982. Michelin closed down FFfr 68 at FFfr 732, though this was slightly above the opening FFfr 730.

In Amsterdam, prices were also lower on the day though a late rally helped them off opening lows. In Dutch international, Unilever was FFfr 1.5 lower at FFfr 215.8 and Royal Dutch lost FFfr 1.40 to FFfr 114.

Sharp declines were recorded in Madrid where the general index ended down 1.52 at 109.38. Banks lost 1.07 per cent overall, while electricals were 2.47 per cent lower and chemicals declined 4.53 per cent. Dealers reported that there seemed to be no support for shares at their present prices.

Elsewhere in Europe, a firmer tone prevailed. In Brussels, domestic shares were slightly higher after an active session though foreign issues were lower. The Brussels stock index was up 0.68 at 122.15.

The rally was led by holding company stocks with Bruxelles Lambert gaining Bfr 40 at Bfr 1,845, Cobeup Bfr 110 at Bfr 1,915, Société Générale Bfr 20 ahead at Bfr 1,655 and Sofina Bfr 130 higher at Bfr 4860.

Domestic share prices were also slightly higher in Zurich with Wall Street's downturn, the stronger dollar and the recent firmness in Swiss short-term interest rates going largely unnoticed.

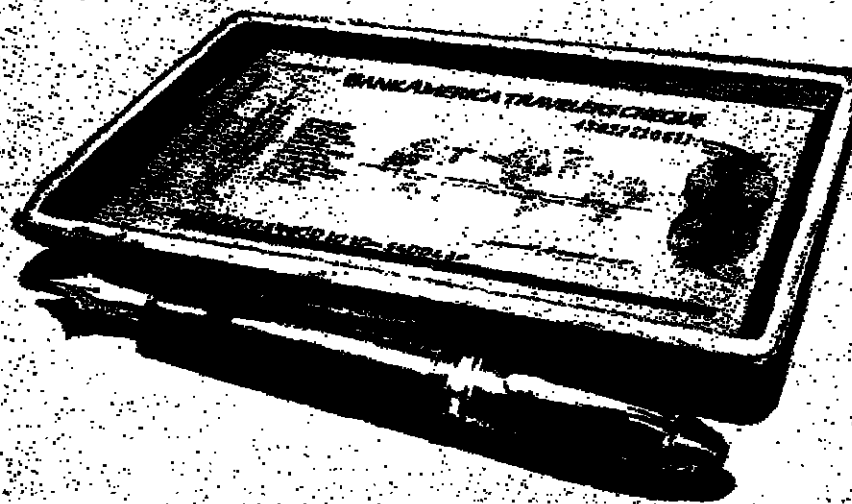
In industrials, Georg Fischer reacted little to Monday's announcement that it will omit a dividend for the second consecutive year.

Selective gains were also seen when Milan opened after a three day holiday weekend. Assicurazioni Generali and other insurers firmed

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BANKAMERICA CORPORATION



12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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Stock	High	Low	Open	Close	Change	Volume	Market	Stock	High	Low	Open	Close	Change	Volume	Market	Stock	High	Low	Open	Close	Change	Volume	Market	Stock	High	Low	Open	Close	Change	Volume	Market								
Am. Can.	40.25	39.75	40.00	39.75	-0.25	100	Am.	Am. Can.	40.25	39.75	40.00	39.75	-0.25	100	Am.	Am. Can.	40.25	39.75	40.00	39.75	-0.25	100	Am.	Am. Can.	40.25	39.75	40.00	39.75	-0.25	100	Am.	Am. Can.	40.25	39.75	40.00	39.75	-0.25	100	Am.
Am. Oil	15.00	14.75	15.00	14.75	-0.25	50	Am.	Am. Oil	15.00	14.75	15.00	14.75	-0.25	50	Am.	Am. Oil	15.00	14.75	15.00	14.75	-0.25	50	Am.	Am. Oil	15.00	14.75	15.00	14.75	-0.25	50	Am.	Am. Oil	15.00	14.75	15.00	14.75	-0.25	50	Am.
Am. Sugar	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Sugar	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Sugar	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Sugar	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Sugar	12.00	11.75	12.00	11.75	-0.25	20	Am.
Am. Tobacco	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tobacco	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tobacco	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tobacco	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tobacco	18.00	17.75	18.00	17.75	-0.25	30	Am.
Am. Water	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Water	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Water	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Water	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Water	10.00	9.75	10.00	9.75	-0.25	10	Am.
Am. Zinc	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Zinc	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Zinc	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Zinc	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Zinc	16.00	15.75	16.00	15.75	-0.25	40	Am.
Am. Copper	14.00	13.75	14.00	13.75	-0.25	30	Am.	Am. Copper	14.00	13.75	14.00	13.75	-0.25	30	Am.	Am. Copper	14.00	13.75	14.00	13.75	-0.25	30	Am.	Am. Copper	14.00	13.75	14.00	13.75	-0.25	30	Am.	Am. Copper	14.00	13.75	14.00	13.75	-0.25	30	Am.
Am. Iron	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Iron	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Iron	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Iron	12.00	11.75	12.00	11.75	-0.25	20	Am.	Am. Iron	12.00	11.75	12.00	11.75	-0.25	20	Am.
Am. Lead	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Lead	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Lead	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Lead	10.00	9.75	10.00	9.75	-0.25	10	Am.	Am. Lead	10.00	9.75	10.00	9.75	-0.25	10	Am.
Am. Tin	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tin	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tin	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tin	18.00	17.75	18.00	17.75	-0.25	30	Am.	Am. Tin	18.00	17.75	18.00	17.75	-0.25	30	Am.
Am. Nickel	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Nickel	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Nickel	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Nickel	16.00	15.75	16.00	15.75	-0.25	40	Am.	Am. Nickel	16.00	15.75	16.00	15.75	-0.25		

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COMMODITIES AND AGRICULTURE

Zinc values
rise on U.S.
prices move

By Our Commodities Editor

ZINC VALUES rose on the London Metal Exchange yesterday following news that U.S. producers were raising their domestic selling prices by two cents to 40 cents a lb.

This prompted speculation that the European zinc producer quotation may be raised from its present level of \$750 a tonne, since traditionally there is a link between prices on both the Atlantic and the Pacific. The out of line, supplies of zinc metal and concentrates tend to flow to the higher price market.

Other London base metal values generally eased, subdued by the firm trend in sterling. However, the copper market rallied strongly after opening on an easier note. The three months futures was up to \$1.130 in late afternoon trading after dipping to \$1.127 in the morning.

Reuters reports from La Paz: The Bolivian Miners Federation said it voted to retain control of state-owned tin mines occupied by workers last week. The decision came in spite of an appeal by President Hernán Siles Zuazo for miners to leave the offices of the state mining concern, Comibol.

Grain exporting
countries
seek compromise

BY NANCY DUNNE IN WASHINGTON

OFFICIALS from the major grain exporting countries will once again wrestle with the problems of massive grain surpluses, shrinking demand and agriculture export subsidies at today and tomorrow in Matanzas, Mississippi.

"There may be some sparks flying," Mr John Block, U.S. Secretary of Agriculture, told reporters as he headed towards the meeting.

The last meeting of grain exporters in Ottawa last year ended without any major agreement as the U.S. sought to convince its competitors to reduce production.

This year, the U.S. will have some support from the Canadians whose wheat board has recommended that farmers reduce plantings by between 5 per cent and 20 per cent.

The talks begin on the heels of an offer by President Reagan to negotiate a new long term sales agreement with the Soviet Union. The chief beneficiaries of the President's past refusal to negotiate a new pact have been Canada and Argentina.

They have increased sales to the Soviet, and thus, in the U.S. view, have rendered the President's sanction against a new long-term grain deal impotent.

In a major policy shift, the EEC is expected to propose that all countries stock more grain. EEC officials have already offered a European grain stockpile as a bargaining point in the U.S.-EEC export subsidy dispute.

Canada, Australia and Argentina are all expected to add their weight to the U.S. complaints against farm subsidies. The three are also displeased with the U.S. blended credit and Government guaranteed loan programmes.

The U.S. will defend its policies on the grounds that it alone reduced production this year by spending millions on its payment-in-kind programme.

U.S. officials are hoping that now that all exporters are dividing the pie, a shrinking market, that some agreement can be reached to reduce the expensive competition between them.

Protest over
Government
forestry plan

By Our Commodities Staff

TRADE UNION leaders representing Forestry Commission workers protested to MPs yesterday about government moves to "disintegrate" the commission.

Original demands for the commission to sell \$40m worth of forests over three years had been expanded to \$22m over five years, a delegation for the trade union side of the Forestry Commission Whitley Council told MPs of all parties.

"If the Government continues to demand \$20m or so every year then the Forestry Commission cannot remain viable for long," they warned.

"This is not rationalisation; it is disintegration," they added. The commission's selling had depressed prices, the unions claimed, and much of its original offering remained unsold.

This coupled with the doubling of the financial target, meant it was being forced to offer more and larger forests for sale and to eat into the "heartlands" of management.

"Once these go the remainder becomes more difficult and less economic to manage," a union delegation statement said. The Government's policy was threatening jobs, rural amenities, conservation and research.

"The Government does not really want to rationalise the Forestry Commission," the union statement concluded. It is only interested in the amount of revenue which can be gained by continuing to sell it off piecemeal, with the proceeds going straight into the coffers of the Treasury."

U.K. Forestry Commission produces 142m tonnes of foodgrains in the 1983-84 crop year (July/June), an Agricultural Ministry official said. Last season's output is likely to be 128m tonnes.

According to the Wheat Forecasters' PTY company. This compares with last season's drought-hit 1.76m tonnes and the 1981-82 output of 3.61m tonnes.

AUSTRALIAN DRIED FRUIT

Putting a price on sultanas

BY A SPECIAL CORRESPONDENT

AUSTRALIA'S dried fruit industry has adopted changes aimed at winning more orders for the sale of this year's sultanas to the U.K.

The industry is currently facing a stiffening of competition and EEC trade barriers to a market that is slowly shrinking.

The most interesting of the policy changes is uniform pricing. It has been customary for prices to be different for the

various grades of sultanas. Last year, for example, the range over three grades was from A\$1.130 to A\$1.225 a tonne.

Under the new policy, the rates just announced for next year are a standard \$1.220 a tonne for all sultanas, whether they are three, four or five-

A factor in the adoption of this formula has been the EEC Commission's provision, at Greece's behest, of a minimum import price of around U.S.\$1,000, below which any fruit entering the Community incurs a levy of \$150 a tonne.

The provision is a further burden on the Australian exporters, already penalised by

the Common External Tariff which Greece escaped when it joined the EEC.

Australian dried fruit prices are set according to several factors. These include variables that could, if the quality differentials remained and the industry was to sell its quotas, take the price of lower-grade fruit below the EEC's minimum, thereby involving buyers in the \$150 a tonne penalty.

The flat rate of \$1.220 preserves the premium of about \$30 a tonne that has traditionally prevailed for Australian sultanas over Greek and Turkish and is virtually the same as last year's average.

However, exchange-rate fluctuations have lately made comparisons between one year and another largely meaningless.

The Australians do not see the new uniform price particularly radical. They argue that supply and demand will automatically make sense of it, the five-crown fruit, being the best buy, going off first and being followed by as much of the other two grades as the market will absorb at the price.

Obstacles to penetrating the EEC are formidable, but Australia is approaching the season

with as much confidence as is permitted by the knowledge that its 70,000 tonne crop for this year is not excessive.

In addition, the carryover of about 7,000 tonnes is relatively modest and quality is as high as it has ever been.

Before Britain joined the EEC, Australia's dried fruit sales to the British peaked at about 25,000 tonnes, falling more recently to a low of 4,500 tonnes and now back to about twice that.

Another modification for this year is that payment has been made easier for buyers. Instead of being required to settle on receipt of documents and before the arrival of the fruit, with a 2 per cent discount for prompt payment, buyers are now allowed six weeks to pay after the fruit has landed in port, with no discount.

Further incentive is offered to buyers by the introduction of discounts on quantity. A 1 per cent discount for 20 to 39 containers, 2 per cent for 40 to 99 containers and 3 per cent for 100 or more.

The deadline for placing delivery orders has been pushed back from August to December.

However, of more concern to the British trade at the moment than this year's marketing innovations is the confusion emanating from Brussels, where the green pound apt to change at any time and buyers unable legally to buy currency ahead

for the same period as their dried fruit commitments.

There is also some uncertainty among them as to just what, with price differentials no longer there to provide a guide, they are going to get when they order the off-price sultanas. Australia is offering, amounting to 300,000 tonnes. They wonder whether, when further quantities are offered, the price will alter.

The Australian moves come

A sudden scarcity of Greek fruit follows last year's surplus of 35,000 tonnes

at a time when there is a sudden scarcity of Greek fruit, following a surplus of about 35,000 tonnes of it last year. There is speculation that some one might have had the courage to collar a large portion of it and make a killing if prices, currently quoted at US\$835 to US\$1,050 a tonne, should rise.

Such a move appears to be the most welcome of the Australian concessions is that allowing six weeks to pay rather than having to do so on receipt of papers. "Sometimes we get the documents a month before the fruit," said one importer, "and that is not funny with interest rates at 16 per cent."

Precious metals complex proposed

BY JOHN EDWARDS, COMMODITIES EDITOR

A PLAN to expand the London gold futures market into a precious metals complex, with the introduction of silver and platinum contracts, has been put to members of the LME.

A questionnaire sent to members by the Board of the London gold futures market asks them to decide, by May 16, whether they are in favour of expanding the viability of introducing dollar-based contracts for silver and platinum.

Mr R. D. Gee, chairman of the market in succession to Mr Keith Smith, says they are keen to look at ways of expanding activity on a market which he claims has the facilities to handle business of up to 10,000 contracts daily.

Members are also asked whether they favour earlier opening hours and an extension

of the quoted contract positions beyond 12 months ahead.

Joint sponsors of the London gold futures market, providing the bulk of the membership, are the London Metal Exchange, which already has a silver futures contract quoted in sterling, and the bullion brokers who trade extensively in both silver and platinum for forward delivery.

Nevertheless, some LME members believe that a dollar silver futures contract might be more successful, especially if separated from the metals quoted in sterling.

It might also give a useful boost to the gold futures market, where quiet conditions have brought a downturn in turnover after the boost given by switching to a dollar contract last October.

Three London companies—

Argos Metals, Ayton Metals and Samuel Montagu—also jointly issue each morning and afternoon a free market platinum quotation, which at one stage was seen as a forerunner to the launch of a futures market.

In the U.S. there is a platinum futures contract on the New York Mercantile Exchange, as well as silver futures contracts on the New York Commodity Exchange and Chicago Board of Trade.

Turnover on the London Metal Exchange silver futures contract, introduced in 1969, has been hampered by the sterling quotation and the large minimum lot size (10,000 ounces).

However, the LME recently announced it was considering reducing the minimum lot size on the silver market to 2,000

ounces. The LME recently announced it was considering reducing the minimum lot size on the silver market to 2,000

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PRICE CHANGES

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

BASE METALS

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

COPPER

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

NICKEL

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

COFFEE

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

COCOA

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

NEW YORK

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

LIVE CATTLE

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

LONDON OIL

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

GAS OIL FUTURES

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

TIN

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

WEEKLY METALS

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

GRAINS

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

WHEAT

In tonnes unless otherwise	Apr. 26 1983	+ or -	Month ago
Aluminium	2880	+216	1982
Copper	21107.50	+111.75	1982
Gold	343.50	+0.10	1982
Lead	2045.00	+10.00	1982
Nickel	2455.00	+10.00	1982
Palladium	1515.00	+10.00	1982
Silver	276.50	+0.10	1982
Tin	2900.00	+10.00	1982
Zinc	2455.00	+10.00	1982

RUB

OIL AND GAS—Continued

7000		Stock		Price		Chg		Vol	
High	Low								
992	298	Eric Petroleum	288	-2	30.25	1.75	1	1	
991	297	Exxon	297	0	30.00	1.50	1	1	
990	296	Phillips 66	296	0	30.00	1.50	1	1	
989	295	Wynn Petroleum	295	0	30.00	1.50	1	1	
988	294	Wynn Petroleum	294	0	30.00	1.50	1	1	
987	293	Wynn Petroleum	293	0	30.00	1.50	1	1	
986	292	Wynn Petroleum	292	0	30.00	1.50	1	1	
985	291	Wynn Petroleum	291	0	30.00	1.50	1	1	
984	290	Wynn Petroleum	290	0	30.00	1.50	1	1	
983	289	Wynn Petroleum	289	0	30.00	1.50	1	1	
982	288	Wynn Petroleum	288	0	30.00	1.50	1	1	
981	287	Wynn Petroleum	287	0	30.00	1.50	1	1	
980	286	Wynn Petroleum	286	0	30.00	1.50	1	1	
979	285	Wynn Petroleum	285	0	30.00	1.50	1	1	
978	284	Wynn Petroleum	284	0	30.00	1.50	1	1	
977	283	Wynn Petroleum	283	0	30.00	1.50	1	1	
976	282	Wynn Petroleum	282	0	30.00	1.50	1	1	
975	281	Wynn Petroleum	281	0	30.00	1.50	1	1	
974	280	Wynn Petroleum	280	0	30.00	1.50	1	1	
973	279	Wynn Petroleum	279	0	30.00	1.50	1	1	
972	278	Wynn Petroleum	278	0	30.00	1.50	1	1	
971	277	Wynn Petroleum	277	0	30.00	1.50	1	1	
970	276	Wynn Petroleum	276	0	30.00	1.50	1	1	
969	275	Wynn Petroleum	275	0	30.00	1.50	1	1	
968	274	Wynn Petroleum	274	0	30.00	1.50	1	1	
967	273	Wynn Petroleum	273	0	30.00	1.50	1	1	
966	272	Wynn Petroleum	272	0	30.00	1.50	1	1	
965	271	Wynn Petroleum	271	0	30.00	1.50	1	1	
964	270	Wynn Petroleum	270	0	30.00	1.50	1	1	
963	269	Wynn Petroleum	269	0	30.00	1.50	1	1	
962	268	Wynn Petroleum	268	0	30.00	1.50	1	1	
961	267	Wynn Petroleum	267	0	30.00	1.50	1	1	
960	266	Wynn Petroleum	266	0	30.00	1.50	1	1	
959	265	Wynn Petroleum	265	0	30.00	1.50	1	1	
958	264	Wynn Petroleum	264	0	30.00	1.50	1	1	
957	263	Wynn Petroleum	263	0	30.00	1.50	1	1	
956	262	Wynn Petroleum	262	0	30.00	1.50	1	1	
955	261	Wynn Petroleum	261	0	30.00	1.50	1	1	
954	260	Wynn Petroleum	260	0	30.00	1.50	1	1	
953	259	Wynn Petroleum	259	0	30.00	1.50	1	1	
952	258	Wynn Petroleum	258	0	30.00	1.50	1	1	
951	257	Wynn Petroleum	257	0	30.00	1.50	1	1	
950	256	Wynn Petroleum	256	0	30.00	1.50	1	1	
949	255	Wynn Petroleum	255	0	30.00	1.50	1	1	
948	254	Wynn Petroleum	254	0	30.00	1.50	1	1	
947	253	Wynn Petroleum	253	0	30.00	1.50	1	1	
946	252	Wynn Petroleum	252	0	30.00	1.50	1	1	
945	251	Wynn Petroleum	251	0	30.00	1.50	1	1	
944	250	Wynn Petroleum	250	0	30.00	1.50	1	1	
943	249	Wynn Petroleum	249	0	30.00	1.50	1	1	
942	248	Wynn Petroleum	248	0	30.00	1.50	1	1	
941	247	Wynn Petroleum	247	0	30.00	1.50	1	1	
940	246	Wynn Petroleum	246	0	30.00	1.50	1	1	
939	245	Wynn Petroleum	245	0	30.00	1.50	1	1	
938	244	Wynn Petroleum	244	0	30.00	1.50	1	1	
937	243	Wynn Petroleum	243	0	30.00	1.50	1	1	
936	242	Wynn Petroleum	242	0	30.00	1.50	1	1	
935	241	Wynn Petroleum	241	0	30.00	1.50	1	1	
934	240	Wynn Petroleum	240	0	30.00	1.50	1	1	
933	239	Wynn Petroleum	239	0	30.00	1.50	1	1	
932	238	Wynn Petroleum	238	0	30.00	1.50	1	1	
931	237	Wynn Petroleum	237	0	30.00	1.50	1	1	
930	236	Wynn Petroleum	236	0	30.00	1.50	1	1	
929	235	Wynn Petroleum	235	0	30.00	1.50	1	1	
928	234	Wynn Petroleum	234	0	30.00	1.50	1	1	
927	233	Wynn Petroleum	233	0	30.00	1.50	1	1	
926	232	Wynn Petroleum	232	0	30.00	1.50	1	1	
925	231	Wynn Petroleum	231	0	30.00	1.50	1	1	
924	230	Wynn Petroleum	230	0	30.00	1.50	1	1	
923	229	Wynn Petroleum	229	0	30.00	1.50	1	1	
922	228	Wynn Petroleum	228	0	30.00	1.50	1	1	
921	227	Wynn Petroleum	227	0	30.00	1.50	1	1	
920	226	Wynn Petroleum	226	0	30.00	1.50	1	1	
919	225	Wynn Petroleum	225	0	30.00	1.50	1	1	
918	224	Wynn Petroleum	224	0	30.00	1.50	1	1	
917	223	Wynn Petroleum	223	0	30.00	1.50	1	1	
916	222	Wynn Petroleum	222	0	30.00	1.50	1	1	
915	221	Wynn Petroleum	221	0	30.00	1.50	1	1	
914	220	Wynn Petroleum	220	0	30.00	1.50	1	1	
913	219	Wynn Petroleum	219	0	30.00	1.50	1	1	
912	218	Wynn Petroleum	218	0	30.00	1.50	1	1	
911	217	Wynn Petroleum	217	0	30.00	1.50	1	1	
910	216	Wynn Petroleum	216	0	30.00	1.50	1	1	
909	215	Wynn Petroleum	215	0	30.00	1.50	1	1	
908	214	Wynn Petroleum	214	0	30.00	1.50	1	1	
907	213	Wynn Petroleum	213	0	30.00	1.50	1	1	
906	212	Wynn Petroleum	212	0	30.00	1.50	1	1	
905	211	Wynn Petroleum	211	0	30.00	1.50	1	1	
904	210	Wynn Petroleum	210	0	30.00	1.50	1	1	
903	209	Wynn Petroleum	209	0	30.00	1.50	1	1	
902	208	Wynn Petroleum	208	0	30.00	1.50	1	1	
901	207	Wynn Petroleum	207	0	30.00	1.50	1	1	
900	206	Wynn Petroleum	206	0	30.00	1.50	1	1	
899	205	Wynn Petroleum	205	0	30.00	1.50	1	1	
898	204	Wynn Petroleum	204	0	30.00	1.50	1	1	
897	203	Wynn Petroleum	203	0	30.00	1.50	1	1	
896	202	Wynn Petroleum	202	0	30.00	1.50	1	1	
895	201	Wynn Petroleum	201	0	30.00	1.50	1	1	
894	200	Wynn Petroleum	200	0	30.00	1.50	1	1	
893	199	Wynn Petroleum	199	0	30.00	1.50	1	1	
892	198	Wynn Petroleum	198	0	30.00	1.50	1	1	
891	197	Wynn Petroleum	197	0	30.00	1.50	1	1	
890	196	Wynn Petroleum	196	0	30.00	1.50	1	1	
889	195	Wynn Petroleum	195	0	30.00	1.50	1	1	
888	194	Wynn Petroleum	194	0	30.00	1.50	1	1	
887	193	Wynn Petroleum	193	0	30.00	1.50	1	1	
886	192	Wynn Petroleum	192	0	30.00	1.50	1	1	
885	191	Wynn Petroleum	191	0	30.00	1.50	1	1	
884	190	Wynn Petroleum	190	0	30.00	1.50	1	1	
883	189	Wynn Petroleum	189	0	30.00	1.50	1	1	
882	188	Wynn Petroleum	188	0	30.00	1.50	1	1	
881	187	Wynn Petroleum	187	0	30.00	1.50	1	1	
880	186	Wynn Petroleum	186	0	30.00	1.50	1	1	
879	185	Wynn Petroleum	185	0	30.00	1.50	1	1	
878	184	Wynn Petroleum	184	0	30.00	1.50	1	1	
877	183	Wynn Petroleum	183	0	30.00	1.50	1	1	
876	182	Wynn Petroleum	182	0	30.00	1.50	1	1	
875	181	Wynn Petroleum	181	0	30.00	1.50	1	1	
874	180	Wynn Petroleum	180	0	30.00	1.50	1	1	
873	179	Wynn Petroleum	179	0	30.00	1.50	1	1	
872	178	Wynn Petroleum	178	0	30.00	1.50	1	1	
871	177	Wynn Petroleum	177	0	30.00	1.50	1	1	
870	176	Wynn Petroleum	176	0	30.00	1.50	1	1	
869	175	Wynn Petroleum	175	0	30.00	1.50	1	1	
868	174	Wynn Petroleum	174	0	30.00	1.50	1	1	
867	173	Wynn Petroleum	173	0	30.00	1.50	1	1	
866	172	Wynn Petroleum	172	0	30.00	1.50	1	1	
865	171	Wynn Petroleum	171	0	30.00	1.50	1	1	
864	170	Wynn Petroleum	170	0	30.00	1.50	1	1	
863	169	Wynn Petroleum	169	0	30.00	1.50	1	1	
862	168	Wynn Petroleum	168	0	30.00	1.50	1	1	
861	167	Wynn Petroleum	167	0	30.00	1.50	1	1	
860	166	Wynn Petroleum	166	0	30.00	1.50	1	1	
859	165	Wynn Petroleum	165	0	30.00	1.50	1	1	
858	164	Wynn Petroleum	164	0	30.00	1.50	1	1	
857	163	Wynn Petroleum	163	0	30.00	1.50	1	1	
856	162	Wynn Petroleum	162	0	30.00	1.50	1	1	
855	161	Wynn Petroleum	161	0	30.00	1.50	1	1	
854	160	Wynn Petroleum	160	0	30.00	1.50	1	1	
853	159	Wynn Petroleum	159	0	30.00	1.50	1	1	
852	158	Wynn Petroleum	158	0	30.00	1.50	1	1	
851	157	Wynn Petroleum	157	0	30.00	1.50	1	1	
850	156	Wynn Petroleum	156	0	30.00	1.50	1	1	
849	155	Wynn Petroleum	155	0	30.00	1.50	1	1	
848	154	Wynn Petroleum	154	0	30.00	1.50	1	1	
847	153	Wynn Petroleum	153	0	30.00	1.50	1	1	
846	152	Wynn Petroleum	152	0	30.00	1.50	1	1	
845	151	Wynn Petroleum	151	0	30.00	1.50	1	1	
844	150	Wynn Petroleum	150	0	30.00	1.50	1	1	
843	149	Wynn Petroleum	149	0	30.00	1.50	1	1	
842	148	Wynn Petroleum	148	0	30.00	1.50	1	1	
841	147	Wynn Petroleum	147	0	30.00	1.50	1	1	
840	146	Wynn Petroleum	146	0	30.00	1.50	1	1	
839	145	Wynn Petroleum	145	0	30.00	1.50	1	1	
838	144	Wynn Petroleum	144	0	30.00	1.50	1	1	
837	143	Wynn Petroleum	143	0	30.00	1.50	1	1	
836	142	Wynn Petroleum	142	0	30.00	1.50	1	1	
835	141	Wynn Petroleum	141	0	30.00	1.50	1	1	
834	140	Wynn Petroleum	140	0	30.00	1.50	1	1	
833	139	Wynn Petroleum	139	0</					

Finlay Ship. Co.	111	185
Gray Ship. Co.	112	121
Higson Bros.	113	54

£329	Western Areas RI	433
£325	Western Deep R2 ..	£394
769	Zandpan RI	938

[illegible]

G.I.N.	15	Turner & Newall ..	41	Lorain ..	81
Hawker Sidd ..	34	Unilever ..	80	Rio T. Zinc ..	55

A selection of Options traded is given on the

42	Anglo-Am. Inv. 50c	67
382	De Beers Dt. 5c	505

—	975	825	Do. 40pc Pl. 10c.	975	—	0200c
—	780	485	Impala Plat. 20c.	770	—	075c
17.7	420	245	Lydenburg 121c.	380	—	031c
—	520	352	Rus. Plat. 10c.	510	—	035c

G.I.N.	15	Turner & Newall ..	41	Lorain ..	81
Hawker Sidd ..	34	Unilever ..	80	Rio T. Zinc ..	55

A selection of Options traded is given on the

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling very firm

Sterling continued to improve in currency markets yesterday, touching its best level since December last year. Demand for sterling was encouraged by recent oil price increases and the prospect of a Conservative win should there be an early general election.

The dollar was also firmer, shrugging off the effects of a fall in U.S. money supply figures.

STERLING — Trading range against the dollar in 1983 is £245 to £250. March average £249.2. Trade-weighted index 245.4 against 245.6 six months ago. The dollar has been firm during a period of extreme uncertainty about oil prices and upheaval in the EMS. U.S. interest rates have not fallen as expected, and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar rose to DM 2.4505 against the D-mark from DM 2.4440 and SwFr 2.0560 from SwFr 2.0520. Against the yen it rose to ¥237.50 from ¥236.15 and Ffr 1.3475 from Ffr 1.3275.

FFr 1.147, its best level since last November. It was also firmer in terms of the Japanese yen at ¥237.50 from ¥236.15.

DOLLAR — Trade-weighted index (Bank of England) 122.3 against 125.6 six months ago. The dollar has been firm during a period of extreme uncertainty about oil prices and upheaval in the EMS. U.S. interest rates have not fallen as expected, and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar rose to DM 2.4505 against the D-mark from DM 2.4440 and SwFr 2.0560 from SwFr 2.0520. Against the yen it rose to ¥237.50 from ¥236.15 and Ffr 1.3475 from Ffr 1.3275.

D-MARK — Trading range against the dollar in 1983 is 2.4450 to 2.4550. March average 2.4402. Trade-weighted index 125.6 against 125.6 six months ago. The D-mark has been weak against most of its EMS partners since the realignment of the system in late March, requiring frequent support to remain within agreed limits. Economic fundamentals remain in favour of the German currency however, but high real U.S. interest rates and stable oil prices have also pushed the dollar and sterling higher against the D-mark.

The dollar and sterling continued to advance at the Frankfurt fair. The Bundesbank sold \$45.65m when the dollar was fixed at DM 2.4505, compared with DM 2.4412. Stable oil prices and low UK inflation, coupled with relatively high interest rates, also attracted funds into the pound, which rose to DM 3.8510 from DM 3.8140, touching an 18-week high. Among EMS currencies, the Dutch guilder improved, but the Irish punt lost ground, while the Belgian and French francs were unchanged.

JAPANESE YEN — Trading range against the dollar in 1983 is 242.25 to 246.80. March average 243.29. Trade-weighted index 145.9 against 125.4 six months ago. The yen's weaker performance against the dollar has discouraged the authorities from making the long awaited discount rate cut. A reduction has been called for to stimulate the economy, but may have to wait for lower U.S. interest rates.

The yen was slightly weaker against the dollar in moderate Tokyo trading, with the dollar rising to ¥236.35 from ¥235.50. It opened at ¥236.30, and traded within a narrow range of ¥236.10 to ¥236.65. The D-mark showed little change, easing to ¥96.71 from ¥96.72, but sterling gained ground on oil price news.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	% change against ECU April 26	% change against ECU April 25	% change against ECU April 24	Divergence limit %
Belgian franc	44.3662	0.0000	+1.78	+0.22	-1.5430
German mark	1.366333	0.0000	+1.22	+0.22	-1.5430
French franc	6.55958	0.0000	+1.22	+0.22	-1.5430
Italian lire	1.366333	0.0000	+1.22	+0.22	-1.5430
Dutch guilder	3.80271	0.0000	+1.22	+0.22	-1.5430
Spanish peseta	166.6373	0.0000	+1.22	+0.22	-1.5430
Portuguese escudo	200.4824	0.0000	+1.22	+0.22	-1.5430
Irish punt	7.87564	0.0000	+1.22	+0.22	-1.5430
Swedish krona	13.76031	0.0000	+1.22	+0.22	-1.5430
Austrian schilling	13.76031	0.0000	+1.22	+0.22	-1.5430
Swiss franc	2.05357	0.0000	+1.22	+0.22	-1.5430
Finland markka	5.94573	0.0000	+1.22	+0.22	-1.5430
Yugoslav dinar	13.76031	0.0000	+1.22	+0.22	-1.5430

OTHER CURRENCIES

	Apr. 26	£	\$	Note Rates	
Argentina Peso	1	6.880-114.800	75.080-73.150	Austria	87.00-87.30
Australia Dollar		8.8090-1.5110	1.5110-1.5120	Belgium	70.45-71.50
Brazil Cruzeiro		1.500-1.500	1.500-1.500	Denmark	72.00-72.50
Canada Dollar		6.5950-5.480	5.480-5.4280	France	11.50-11.50
Green Drachma	150	145.125-147	84.05-84.25	Germany	5.8945-5.874
Hong Kong Dollar	10	74.11-10.80	10.80-10.80	Italy	5.860-5.855
Iran Rial		123.10	84.65	Japan	87.1-87.5
Kuwait(Dirham)	0.457-0.450	0.450-0.450	0.450-0.450	Netherlands	94.00-94.00
Lebanese Lira	1	6.880-114.800	75.080-73.150	Norway	14.50-14.50
Malaysia Dollar		5.5950-5.5510	5.5510-5.5105	Portugal	150-170
New Zealand Dlr		2.870-2.870	2.870-2.870	Spain	11.50-11.50
Philippine Arroz		6.5950-5.480	5.480-5.4280	Switzerland	9.25-9.25
Singapore Dollar		3.8050-3.8050	3.8050-3.8050	United States	121.148
Taiwan Dollar		10.10-10.10	10.10-10.10	Yugoslavia	121.148
U.A.E. Dirham		5.7650-5.7750	5.7750-5.7675		

FINANCIAL TIMES SURVEY

Business Travel

While £400bn a year is already being spent on travel by the international business community, the need is continuing to grow as manufacturers and service organisations broaden their marketing horizons.

The fight to control costs

By ARTHUR SANDLES

ONE THOUGHT has come to dominate the world of business travel in the past couple of years and that thought is money. The £400bn which the international business community is said to spend on travel and entertainment may seem temptingly huge to anyone seeking a share of it.

The companies and individuals who foot the bills are, of course, searching for more ways to keeping costs down but, as far as suppliers are concerned, the story is one of a continuing fight to retain or increase market share and to control their own internal costs so as to maintain margins.

In all the major fields of business travel—airlines, accommodation and car rental—the market is generally one of oversupply. Rates for almost every travel component are therefore increasing in price at a slightly lower rate than inflation in most of the business travel nations.

At the same time, companies are desperately trying to control costs by weaving complex discount deals with hotels and rental companies; leaning heavily on airlines for cash refunds; supervising agencies strictly, while keeping a hungry eye on their commission levels; and, perhaps most alarming of all for staff, placing corporate

of a massive bid in every sector for consumer loyalty. Heavy users in every sector receive special rates or cash incentives. Even the airlines, enthusiastically discounting tickets to leisure travellers, are now deep into the rewards game.

Big accounts can win a cash rebate—as much as 3 per cent, even from blue chip carriers—for loyalty (it is a convoluted process usually channelled via a bonus commission through a travel agent).

Budgets

A couple of weeks ago, several hundred of the world's largest corporate travel customers gathered in New York to hear such speakers as Colin Marshall, the new chief executive of British Airways, Hans Stenik, president of Intercontinental Hotels and Frank Olson, chairman and chief executive of Hertz, express their own concerns about the position as far as their operations were concerned. (The Olson paper was actually entitled "How the Car Rental Industry Got in the Mess it is in Today").

But the speakers also told

● A Singapore Airlines "big top"—the stretched upper deck Boeing 747-300 series—seen against a standard 747. The upper deck is an exclusive business class zone. Singapore Airlines will introduce the 747-300 in May. Picture: Glyn Genn

an audience, which together was estimated to control travel budgets worth an annual \$2.6bn, how to take advantage of the position.

It was clear at the conference, organised by Woodside Management Systems in which Britain's Hogg Robinson Travel is a shareholder, that an increasing degree of professionalism is being applied to business travel decisions.

An effective company today will not only have a corporate travel policy firmly established (who travels where and how), but also monitor actual performance on a regular basis.

Corporate credit card programmes, an important and fertile field for American Express and Diners Club these days, seem ever more widely used as a means of keeping tabs on who is spending money and

where—and of stemming the cash flow bleed of advance expense payments to staff.

Having long since learned about cheaper fares and how to obtain them, corporate travellers have moved one step further and are exploiting their buying power on heavily used routes where there is more than one, and possibly a multiplicity of, carriers.

Savings

At the same time, it is fairly normal these days for companies to have a department controlling and co-ordinating travel, although there are still major enterprises apparently which leave bookings to executives' secretaries.

Inevitably, however, the biggest savings are seen to be made in that most uphill of areas—convincing staff themselves that money does not grow on trees and that Laftte with every meal is not a necessity of life.

In the past year or so, new elements have entered the game—financial security, particularly in airlines. Although the British Laker collapse caught relatively few UK business travellers hold-

ing useless tickets, a substantial number of corporations, particularly in the U.S., were stuck with Braniff paper.

The spin-off from these collapses has been ominous for some other airlines, and notably those which are perceived as being weak. There is a trend to "plate away" tickets from these carriers—that is issue tickets for Worried Air flights on Secure Air paper.

In this way, the customer secures the flight he wants, but the airline has to wait for its money since this went to the airline on whose paper the ticket was written. Even if the carrying airline goes bust, the money is secure.

The cash flow implications of this practice are enormous, and the U.S. Civil Aeronautics Board is trying to stop it but there is something of a dilemma. If "plating away" becomes difficult, will corporate customers and their travel agents simply stop using the weaker airlines altogether?

So difficult have many of the decisions become in the travel field that the use of specialists both in the form of travel managers and the use of outside agencies is general practice.

This has led to a considerable concentration of power in the hands of the larger agencies, many of whom have scarcely any High Street presence in the form of a sales effort aimed at the general public.

The growth of the business travel agency business is another indication of the way in which the market has held up so well in recent years—in spite of the recession and of commerce's worries about costs. As manufacturers and service industries have broadened their marketing horizons, so the need for travel has increased.

The most casual observer of the travel scene can see some of the results of this. Airlines have been falling over themselves to offer Club classes of varying types (and providing a remarkably disparate quality) and it is these areas of aircraft seating which seem to be the most crowded.

In the hotel industry it is the upper segment of the business travel properties, particularly those aimed at the international traveller, which have been faring best as the world stumbles through its economic

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● Editorial production of this survey was by Mike Wiltshire. Design: Philip Hunt.

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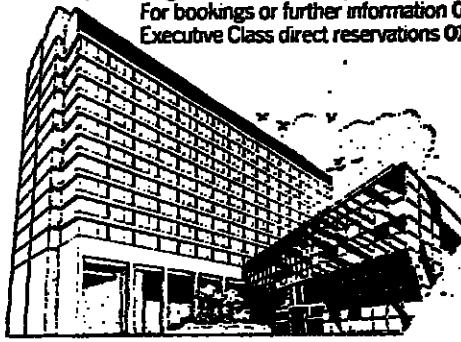
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Left: A bedroom at Ghyll Manor, near London Airport, Gatwick—an "up-market" executive-style hotel, favoured for small conferences. Centre: a room in the Pamodzi Hotel, Lusaka, Zambia, is typical of the modern business-orientated hotels now being built in Africa. The Pamodzi was opened in time for last August's Commonwealth Prime Ministers' Conference. Right: a view of the Atlantic Hotel in Banjul, West Africa



The 'small is beautiful' concept is being used to lure clientele, says Arther Sandles

Hotels ready for brighter times

IN APPARENT contradiction the hotel business is appealing to its audience on two levels — "big is best, and small is beautiful."

Size is offered as important in providing a national or international spread of properties, and of the ability to deal with the accounting demands of today's companies.

The "small is beautiful" concept is gaining increasing ground as hotel after hotel identifies its business clientele as a group requiring special attention in the form of club floors, business rooms, separate lounges and even restful areas with honour bars and constant coffee.

The first group to install club floors to any large extent was Hyatt, with its Regency Club system. Since then, the idea has proliferated. In recent months, the London area has seen such disparate properties as the Holiday Inn at Heathrow and the Bristol in Mayfair install their club facilities.

Not everyone is convinced about the trend, however. Intercontinental, now part of Grand Metropolitan, has looked at the idea and rejected it.

"Some hotels are experimenting with having a floor or a separate part of the building devoted exclusively to serving the upscale guest," says Intercontinental's president, Mr Hans Sternik.

"These floors usually have

their own check in facility, a concierge, lounges, sometimes a special elevator to the floor and other amenities.

"We have analysed this concept and have decided it is not for us. We don't want to segregate any of our guests, or divide our guests into classes. We believe in giving all our guests the same service — the best for every guest — and we will continue to do that."

Not even the brave Mr Sternik can resist totally the trends of the moment, however. His own Six Continents Club, for frequent users of his hotels, offers such facilities as first choice seating in the restaurants, for example.

Self-contained

If "clubs" club areas and a closer relationship with guests is one trend, another is for hotels to become increasingly self-contained. Health clubs, business centres, a multiplicity of restaurants, considerably enhanced in-room facilities and sophisticated communications are more and more demanded by hotel guests, and are offered.

There are divergent views on why there is this demand. Some blame it on laziness on the part of the business traveller, but others on a developing concern world wide about security, be it a worry about mugging or a much more serious concern about kidnap.

Perhaps the total hotel concept is taken to its extreme by Mr Rene Hatt, the Swiss hotelier who heads the Nova Park group with its exotic property in Paris, soon to be opened project in New York and plans for London.

For Mr Hatt, the hotel has become the cocoon where the business visitor can retreat without the hassles and problems of venturing onto strange streets.

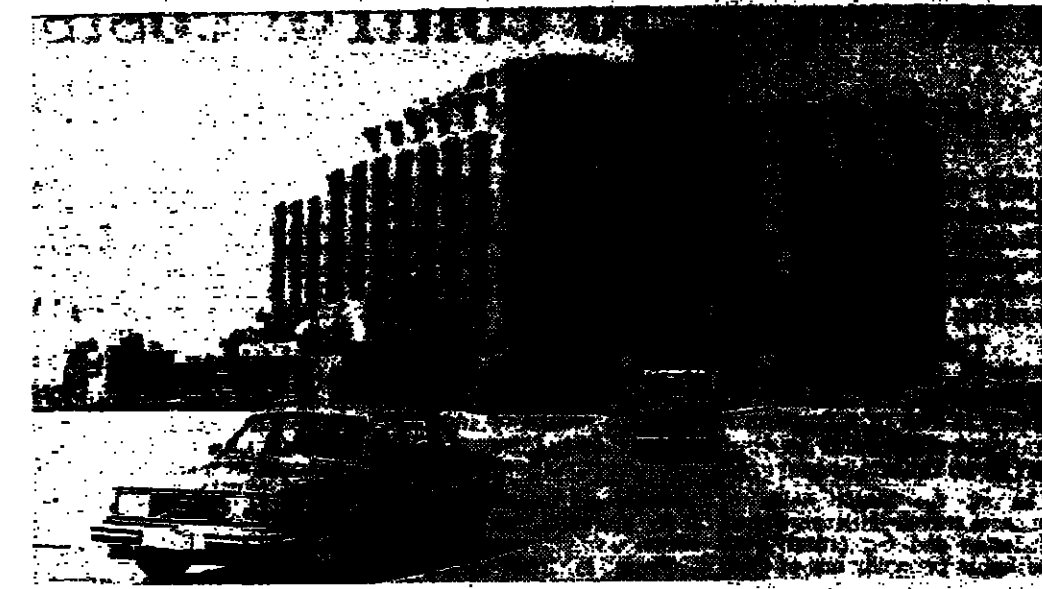
"There should be no need for anyone to leave the hotel. They should be able to eat simply or dine excellently, to relax and to carry out their business. We should give them everything they have in their own office."

In some of Mr Hatt's rooms this means detectors that blare an alarm if someone brings in a tape recorder.

Not everyone goes that far, but the provision of telexes, secretarial facilities and a constant flow of stock market information is becoming the norm.

With the up-market international business traveller providing the one sector of the hotel industry's custom which has remained healthy over the past couple of years, this eagerness to please the client is hardly surprising.

It is the mid-range properties, the three-star operations, which have been having the toughest time as customers trade either up, because the glossier hotels have been able to hold their rates, or trade down because



Some of the world's newest and most luxurious hotels are found in the Middle East. Above: the Sheraton Hotel on the Corniche at Abu Dhabi, one of the United Arab Emirates

they have having to cut back on corporate spending.

But there may be brighter times ahead. Industry analyst Mr Melvyn Greene reckons that "most hotels are now operating on minimum staff standards and costs which can hardly be reduced any more."

He argues that in these circumstances a fall in custom could make things difficult but that "any slight increase in occupancy and average room rates could cause a major increase in profits." This, he feels, is a possibility.

The implication for the business traveller in these remarks is that as the economy picks up so will hotel demand and so, thus, hotels will be able to get

nearer to their desired rates for rooms. At the moment, all manner of hidden discounts and incentives are offered to bulk buyers and to travel agencies in order to secure custom.

This would be a considerable relief to a hotel industry which has been faced over the past few years with a market making ever heavier demands on services and being keener and keener on paying less for them.

If there is one other trend in hotels which is likely to produce pleasant surprises for the business traveller it is the current world-wide blitz by users on the cost of hotel telephone systems.

In Europe, particularly Switzerland and Austria, mark-ups of 300 per cent on already high telephone charges are not unusual. In the UK, 100 per cent is quite normal. The European average is probably around 150 per cent.

The hotels justify these costs by the claims need for heavy investment in exchange systems, and by the cost of keeping switchboards manned by multilingual operators. What the system produces, of course, apart from considerable irritation on the part of the users, is the employment of devious devices such as transfer charges (some hotels will not let you make them), calling the office and having them call you back, and a simple recourse to the local public telephone box (most Austrian hotels bar them from their establishments too).

At last the message is beginning to filter through: Britain's Trusthouse Forte is experimenting with what seems to be a most useful scheme for the business visitor. Customers pay the normal hefty surcharge for the first few calls, but once regular usage is established, then the rate switches to a marginal mark-up on further calls.

Internationally, AT&T is heading a campaign to obtain uniform guaranteed mark-ups for hotel groups around the world, and achieving some success.

But if the people who make the actual bookings, travel man-

agers and travel agencies, have noticed anything at all in the past few years it must be the way in which the hotel industry continues to coalesce into marketing groups—either in the form of actual chains of same-name properties, or as co-operatives of independents via a franchise system of marketing organisation.

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Over-capacity

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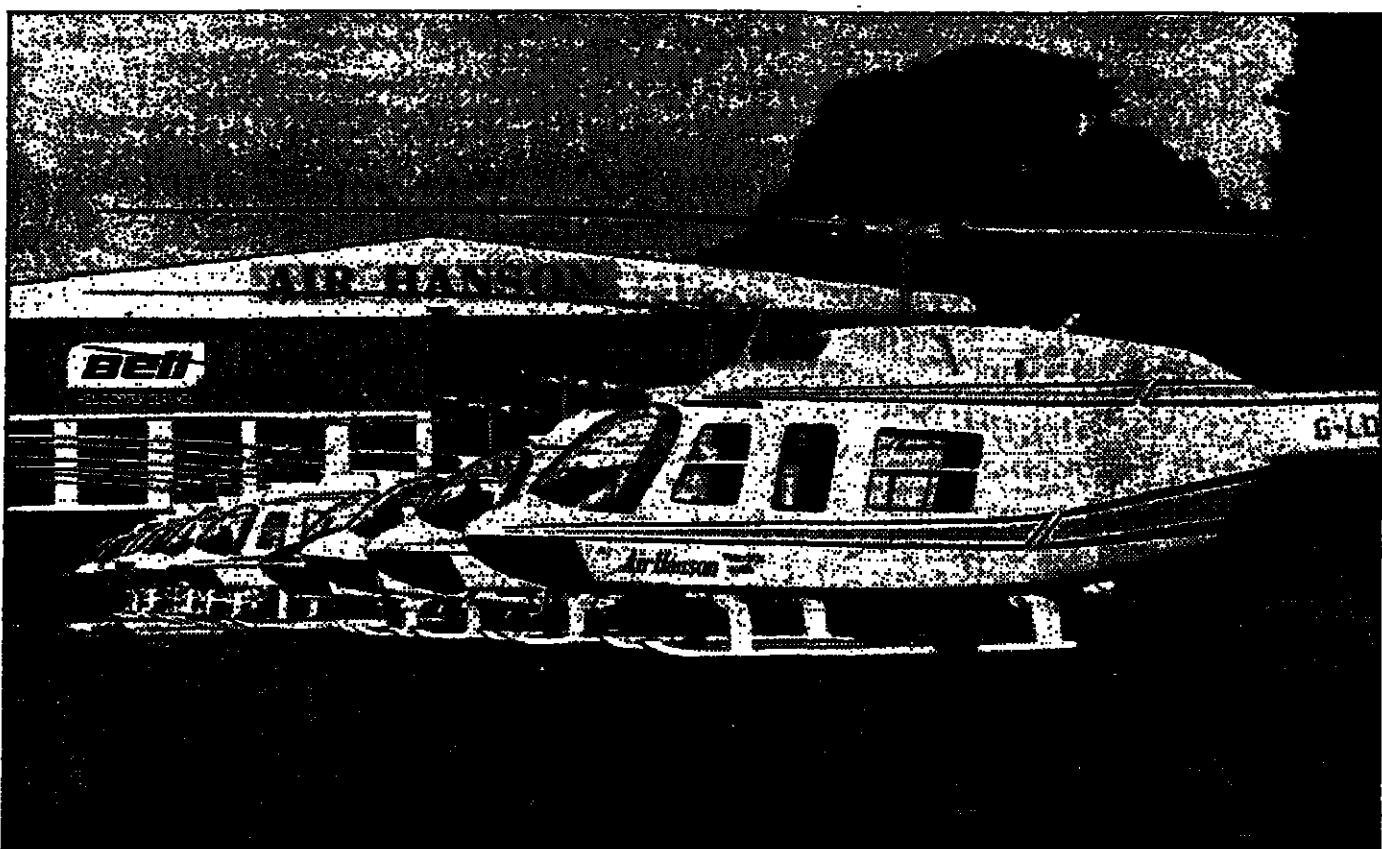
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Cost-controls sought

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difficulties.

It is possible, of course, that all this will come to an end. If the recovery comes as soon as politicians in Britain and the U.S. are hinting in their pre-election campaigns then demand for travel facilities could start to catch up with supply.

In the non-U.S. car rental market, where suppliers have been much more able to get their act together, there is already some indication of a hardening of rates.

However, so many lessons have been learned in the past few years by companies who realised just how much money was being spent on business travel and how ill-controlled that expenditure was, that a full return to the good (for the airlines and hotels) or bad (for the companies concerned) old days would appear to be unlikely.

Money is likely to dominate travel thinking therefore for the foreseeable future.

"For corporations, all the complexities, confusion, and competition in the airline and

agency business continues to offer unique opportunities for saving," one speaker told the New York conference.

"To gain from these opportunities, corporations must do a better job in developing and enforcing policies."

It was pointed out that a 20 per cent saving on the bulk buying of hotel rooms was usually of considerably greater significance than the maximum 3 per cent kick-back that is possible with some scheduled airlines.

But the real stress was on enforcement—"this is where we see the lingering loophole," the conference was told.

Controlling travel costs can be an enormous task with political angles. To produce results, the travel policy should come from the chief executive so it is clear that everyone must abide by it.

As travel costs become more complex and factors such as frequent customer programmes increase the need, implementation of effective management will be a major development for business in the near future.

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agers and travel agencies, have noticed anything at all in the past few years it must be the way in which the hotel industry continues to coalesce into marketing groups—either in the form of actual chains of same-name properties, or as co-operatives of independents via a franchise system of marketing organisation.

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Such has been the over-capacity in the hotel business recently however, that it has been difficult to keep pace with the groups. This over-capacity has introduced considerable fluidity into the marketplace, with hotels being bought and sold, and grouped with considerable regularity. Grand Met's offer for sale of yet another branch of its London properties is an example.

At the same time, the co-operatives have been able to tighten up their membership requirements and push their own rates upwards—the Franchise group is a recent UK example of this.

Clearly there should be a warning in all this for hotel users: do not use last year's hotel group lists.

If there are predictions to be made for the coming year they would probably be that there will be some hardening of rates, particularly in the luxury hotels in city centres; that in spite of Hana's optimistic views, the proliferation of club areas will continue, as will the competition to provide more and more in-house facilities in order to make a hotel visit "an experience, more than just a necessity," as one hotelier put it; that groupings of hotels will cause even greater slices of the market place; and, we live in hope, the cost of making a phone call from a hotel will start to fall.

But if the people who make the actual bookings, travel man-

agers and travel agencies, have noticed anything at all in the past few years it must be the way in which the hotel industry continues to coalesce into marketing groups—either in the form of actual chains of same-name properties, or as co-operatives of independents via a franchise system of marketing organisation.

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BUSINESS TRAVEL III

Card schemes are now tumbling on to the market place with remarkable speed, as Arthur Sandles reports.

The card game: a marketing ploy that everyone wants to play

"... OF COURSE, first I'll need my prime card, American Express or Diners Club, then a reserve charge card for more modest expenditure. Visa or MasterCard, then there are my airline executive club cards for the various services I'll be using, and, naturally, the cards that will identify me as a regular customer at my hotels."

"I might want to cash a cheque, so I'll take my domestic cheque guarantee card for the airport before I go and my international guarantee card for while I'm away."

"Now, where is that travel agency card that says I'm a corporate customer and can get 24 hour service? Ah, I nearly forgot the car rental cards without which I will have to fill up all these forms, and my driving licence."

"I'd better take my telephone credit card, my Italian phone card, my International Air Passengers Association Card, my air travel card, my Press card, my business visiting cards..."

THE CARD game currently borders on the ridiculous, but it is difficult to see how anyone is going to call a halt.

The game started as a clever marketing ploy to encourage loyalty on the part of major customers. The airlines were looking for some way of pulling their regular, but not necessarily first class, passengers away from air terminals crowded with holidaymakers. And the car rental groups, most aggressively spearheaded in the early days by Hertz and its No. 1 Club, were keen to win the battle of the fast getaways.

More recently it has been the hotels, where new club and card schemes are tumbling on to the market place with remarkable speed.

In deciding what they need to do to encourage loyalty, the

providers of the cards have come to a variety of decisions and the consumer not wishing to be burdened down by them, is now in a position of being able to shop around.

The most frequent benefit, except in the case of the airlines, is clearly financial. Most, but not all, car rental and hotel cards produce some sort of discount.

Increasingly, however, even that is more complicated than it sounds with cards being issued to central billing accounts and discounts being negotiated according to the size of that account.

Hotel discounts tend to run from a low of eight per cent to a high of 20, although many hotels give an automatic upgrade in room standards where possible to card holders.

Car rental discounts are in a somewhat higher range, with ten per cent being a basic norm and fringe customers being well able to squeeze 30 per cent off the official tariff.

The major benefits to the cardholder in car rental tend to be some sort of guarantee of a car, speed of getaway, billing in your own currency on foreign transactions.

Sometimes the cards overlap. Holders of British Airways Executive cards, for example, can opt also to become part of the Avis card system.

The history of the Executive Club is a classic for the problems that can beset a card system. In common with most other European club cards, the original BA card was intended as a reward for regular travellers.

Like Topsy it "just grew" and the airlines found itself with crowded Executive lounges being used by people who might once have qualified and were now difficult to cross off the list.

In the end, BA fired the lot, started charging for its card (£55) and introduced both extensive benefits (notably travel insurance) and a degree of exclusivity.

The Executive Club has been an impressive success, with now



There are now around 750m plastic transaction cards in circulation worldwide... and the range is increasing rapidly

more than 30,000 members, with much more pleasant lounges and an airline secure in the knowledge that no-one is going to part with £55 a year unless they are indeed regular travellers.

The division between European practice and American still broadly remains in the form of the U.S. practice being for travellers to pay for their cards, and to receive them

regardless of the regularity of travel, while the Europeans offer free clubs but, like British Caledonian, "police" them with some ferocity and enforce their frequent traveller requirements strictly.

"You have to be very careful," says BOCAL of its Chief Executive. "If too many people are in it the whole thing loses its point."

Perhaps the difference

between the airline cards and the others is that in the case of the airlines the club card is a reward for loyalty, and a bid to retain that loyalty, while the hotel and car rental cards are much more a positive bid to encourage custom—"look what you will get if you stay with us frequently."

It is extremely rare for hotels, for example, to charge for club membership although one British one, Comfort, does, and then gives a bundle of vouchers to the buyer which means he receives his money back, and more.

Another confusion in the card game is that some of them, particularly the car rental cards, are actual credit cards, while most are simply for identification. In the case of Trusthouse Forte, for example, there is a Silver Card which is issued to regular customers and gets the recipient an 8 per cent discount on the room rate, but which is not a credit card.

THF's major account holders, however, receive a Gold Card, which does allow credit and where the discount is paid on the monthly billing according to the amount of that bill.

Usually as far as most card schemes are concerned the lack of any real check on credit-

worthiness means that the only cash risk is in offering holders a cheque cashing facility, normally still with the need for a cheque card and usually limited to £50 or £100.

The Keith Prowse Expotel group recently had a close look at hotel schemes and came to the conclusion that their pro-

Despite the surge in hotel, car and airline card schemes, it is clear that the age of the card is only just getting into full swing...

liferation was by and large a good thing.

"They represent good value from both the hotel's and the customer's point of view. To encourage brand loyalty, the major international hotel companies have had clubs for some time."

"It is significant that all the major British groups are now developing their own schemes in an attempt to win new customers and to retain their exist-

ing share of the market." This particular survey came to the conclusion that the club benefits were more than just cosmetic—"Many of them show real financial savings for regular hotel users."

It is these real financial savings that corporate accounts departments will be seeking, even if the actual users are more influenced by room upgrades, club areas, gifts and drinks. It is in this field that the original cards, the credit cards, are making their big push at the moment. Around 80 per cent of most business travel expenses, from train and airline tickets to hotel rooms, car rental and meals can be charged to credit cards.

The credit card companies are claiming that by putting all these on a company-backed credit card, an employer can vastly improve cash flow, monitor expenditure, reduce cash advances and generally save money while keeping a better grip on things.

Whatever the validity of this argument it is clear that the age of the card is only just getting into full swing. No wonder you could forgive the average business traveller today for calling out: "Porter, carry any cards!"

Worldwide use of credit and charge cards now exceeds \$120bn a year, while travellers cheques amount to well over \$35bn.

Money transfer systems improve

A CURRENT television commercial for one of the major credit card companies shows a bewildered couple trying to pay for petrol in a small American mid-west town with the "wrong" credit card.

When it is clear that they cannot pay by other means, the filling station attendant—a summing, hulk of a man—tips the car over onto its side so that the petrol flows back into the pump. The commercial sides away by running home the point that not all credit cards are accepted everywhere.

Although obviously aimed at the holiday traveller, this heavy-handed warning about acceptability of credit cards overseas can be of equal worry to the business traveller.

The business traveller, moreover, has other worries: he may need larger amounts of cash or credit than is normally allowed on a normal credit card to help with the financing of a special deal. Travellers cheques may be one answer, but there may be others.

Another potential headache starts next month when the major UK banks will no longer accept bank guarantee cards for cheques cashed overseas. This is because of the high level of cheque fraud, not only in the UK but overseas where it is even harder to keep under control.

The banks have responded to this problem in various ways. Midland Bank has decided to issue Eurocheques which can be used in the UK and on the continent.

These cheques will be accompanied by a more tamper-proof guarantee card, so the limit per cheque will be raised to £75. They are likely to be no more expensive to use than Sterling cheques, unless the cheque is written in a foreign currency when a 1½ per cent handling fee will be charged.

Mr John Brooks, Midland's deputy group chief executive says: "Over 80 per cent of the British residents now travelling abroad each year go to Europe. Our decision to join the Eurocheque Scheme will provide Midland customers with the benefit of the best money transfer systems available on the Continent."

Barclays scheme

The other major clearing banks have not adopted Midland's solution but instead plumped for the Barclays system—already used for some years—of issuing special encashment cards to be used overseas with standard UK chequebooks. Eurocheque turnover, in fact, was estimated at \$150bn in 1981, while the world use of credit and charge cards totalled some \$120bn.

It would be hard to imagine many businessmen nowadays travelling abroad without some type of credit card in their wallets. It may be that the businessman is using one of his own cards—planning to settle up with the company accountant on his return—but more usually the frequent business traveller will have use of a company card. These not only ensure that the business traveller does not get his personal finances askew, but it also gives his company a detailed record of expenses incurred during the trip (not

every travelling executive welcomes this!). Company credit cards are also a better bet for the issuing card company, since companies usually have a sounder financial basis on which to pay the outstanding amounts.

Credit cards are generally very widely accepted, especially in the sort of hotels and restaurants that business travellers are likely to use. (Indeed, many hotels prefer payment by credit card rather than cash.)

The three main UK credit cards are Barclaycard, Access and Trustcard. Both Barclaycard and Trustcard are members of the international Visa network which gives them access to over 2.5m outlets world-wide as well as over 125,000 banks displaying the Visa sign. Access is part of the Mastercard network of over 4m outlets and some 60,000 Eurocard/Mastercard banks.

In addition, there are charge cards such as American Express—with over 600,000 world-wide outlets—and Diners Club (about 500,000 plus outlets).

'Gold Card'

American Express has joined up with Lloyd's Bank to produce a "Gold Card" which, like the traditional green version, has no credit limit in theory and also has access to a large unsecured overdraft with Lloyd's. Minimum salary to qualify for one of these cards is £20,000, although the average is nearer £35,000. Barclays offer a similar version, called the "Premier" card, while Midland has a gold "Mastercard".

The main advantage of using charge cards is their lack of a credit limit (such a limit applies to normal credit cards and could prove embarrassing if the limit is reached on a travel assignment). However, charge card holders who suddenly start charging heavily might find themselves subjected to a proof of identity check.

There are also some potential drawbacks to use of credit cards. There is the risk, for example, of the exchange rate moving against you between the date of purchase and the day the transaction is processed by the credit card company.

Apart from credit cards, the main method of taking money abroad for businessmen is still travellers' cheques. These have a somewhat old-fashioned air about them—they have been around for a long time—but they have some advantages for the business traveller.

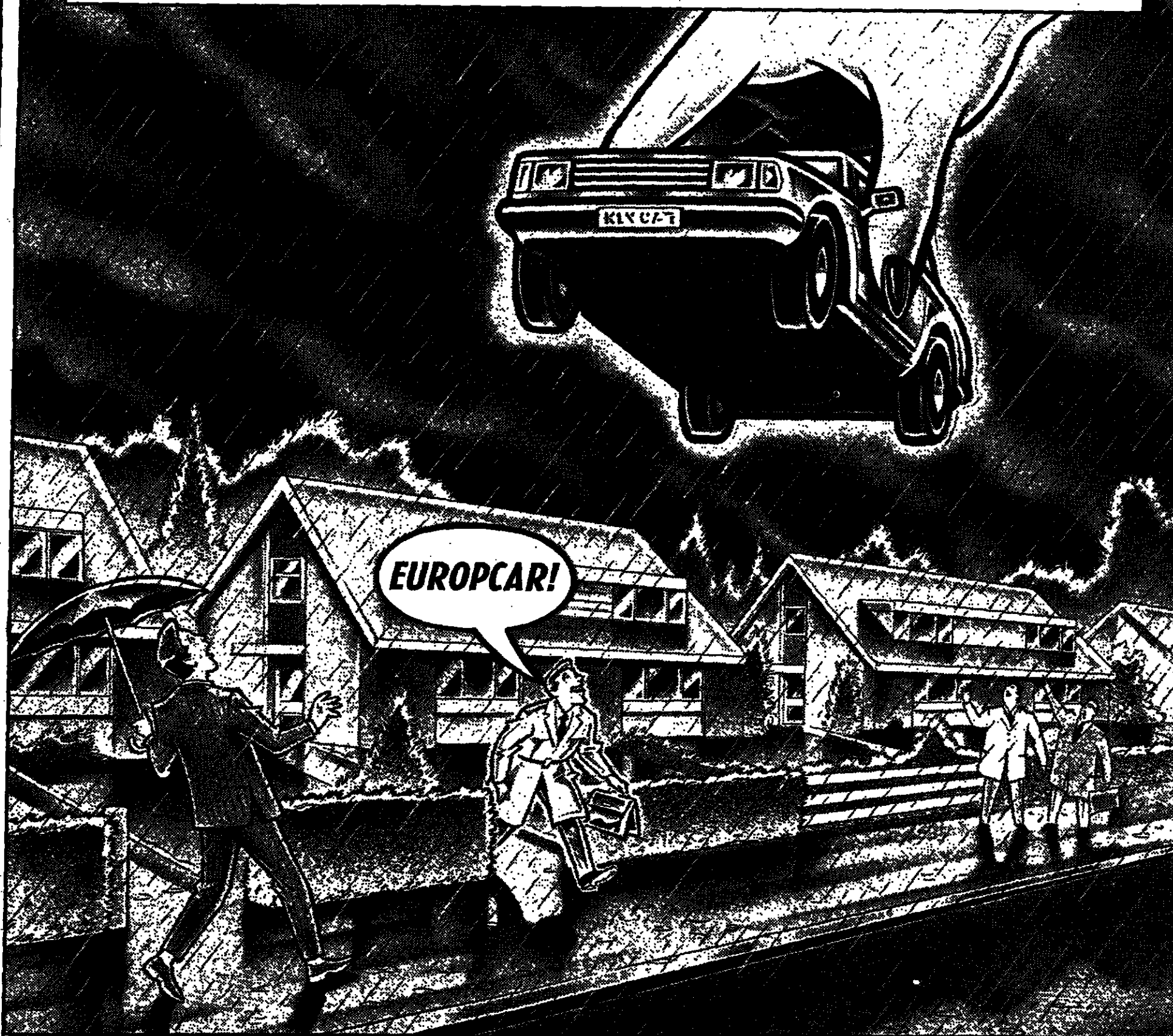
For example, they do enable the harassed executive to keep an instant check on his spending while abroad to see whether or not he is going above budget for his trip.

Stolen cheques, moreover, can usually be replaced by the issuing bank within 24 hours. They can also be more acceptable in some parts of the world which retain suspicious attitudes towards credit cards.

One alternative to travellers cheques is simply to take cash abroad and insure against its loss. Such insurance can often cost less than the commission charged on cashing a travellers' cheque. Moreover, cash can be a very useful asset in some countries for the businessman who needs to move fast to make his trip worthwhile.

David Churchill

The only way out was a one-way car to the airport. He thanked his lucky stars for SUPER SERVICE....



Next time you drive to the airport don't use your car.

Rent one of ours.

Pick up a car from your local Europcar office, drive to the airport and you simply hand the car back to the Europcar office there.

With no parking to think about, or bus from the long term car park.

One-way rental is part of the Super Service you get

from Europcar offices throughout Britain.

And there's no extra charge. In fact, with the money you save on parking, it could work out quite a bit cheaper.

Europcar is Britain's biggest car hire company, with nearly three times more offices than anyone else in the country.

We're at 18 major UK airports, so if you need

to make a transfer between them, hiring a one-way car from us makes a lot more sense too.

And Europcar are at 72 Inter-City stations as well.

Say Europcar and you'll also find the same Super Service at over 2,500 offices worldwide.

Wherever you want to reserve a car, simply phone our Central Reservations

number: 01-950 5050.



Godfrey Davis

europcar rent a car

In the US, Latin America and the Pacific, it's National Car Rental.

BUSINESS TRAVEL IV

Competition among airlines has never been more fierce,
as Michael Donne reports

It pays to shop around for airline tickets

FOR THE business traveller making long-distance journeys throughout the world, it now pays handsomely to "shop around" for the best deal available.

Competition among the airlines, during a period of severe recession, to attract the travellers prepared to pay premium rates for their journeys—either in first-class or "business" class (although the latter is called by many different trade names by the various airlines)—has never been more fierce.

There is now hardly a single glossy magazine or quality newspaper in the UK that does not contain an advertisement enticing this privileged class of customer to sample its particular wares, and there is now little doubt that for the traveller prepared to take a little time and trouble to compare the various offers, the rewards in greater comfort and quality of service can be considerable.

The range from subtle differences in "seat pitch"—the distance between the top of one seat and the one immediately in front of it giving a variety of leg room distances—through to comparably subtle differences in seat-widths, which can make all the difference in the world on a long journey.

In some "business" class cabins, the number of seats abreast is also of importance. On the Trans World Airlines' Ambassador Class on 747s, for example, the seats in the cabin, immediately behind the first-class cabin, are only six abreast—two, two and two—and, moreover, the seats are not the revamped economy-class seats that some airlines still believe they can get away with, but full first-class seats brought back to the business travellers' cabin.

The first-class traveller, paying the full premium fare, receives an even better deal, of course, with reclining "sleeper" seats, with much more space and an even higher level of in-flight cabin service.

On some airlines, especially those using Boeing 747 Jumbo jets on long-haul routes, the small upstairs cabin is turned over to business travellers—as is the case with British Airways. Fortunately indeed is the business

traveller who has a seat upstairs on a BA Jumbo, for there, not only is the atmosphere quieter than in the gaping cabins downstairs, but also the traveller is much closer to the upstairs loo, which is in itself more spacious than those downstairs, lending an even greater feeling of privacy to the situation.

By comparison with TWA, however, BA's seats are much less spacious and comfortable, especially for the bigger (physically) traveller.

Variations

The quality of cabin service varies immensely between all the airlines. On some carriers, it is not far removed from that of first-class service, while on others it edges downwards to the less inviting levels of economy class, something which the glossy, coloured advertisements often do not reveal.

This element of in-flight service is something that one has to experience for oneself, learning (perhaps sometimes bitterly) from experience. But it is always worth inquiring from either travel agents, or in-house company travel managers, or even directly from the airlines concerned, as to the precise elements of in-flight service offered, because of the immense variety on offer.

Similarly, the level of ground service varies widely, and in some cases is excellent (again, TWA, with its advanced check-in and seat allocation system, enabling one to determine where one is going to sit before even arriving at the airport) while in others it is utterly abysmal, with no separate check-in facilities at all, and minimum other benefits, such as special lounges in which to wait.

Some airlines offer especially significant benefits. Pan Am, for example, offers its first-class and Clipper (business) class passengers to New York either free limousine or free helicopter travel between Kennedy and downtown Manhattan.

Similarly, there are variations in fares, according to season (low, shoulder or peak) and according to class of service (Super Club, Club, and so on).

The current business class return fare is \$438 single, or \$876 return.

But at the same time, there can be some variations. TWA, for example, is planning to offer a "day-return" rate in its Ambassador (business) class of \$499 return, available for Britons only, travelling to and from the U.S., who buy their tickets in the UK.

For travellers on long-distance routes (not the North Atlantic) to other destinations world-wide, it is possible to "shop around" for fares that can vary substantially from the officially prevailing rates as agreed by the International Air Transport Association or even between governments.

Whatever an individual's private views may be about ticket discounting—selling airline tickets at rates lower than the official levels—or about "bucket shops," the retail outlets for such tickets, they do, however, make it possible to fly to many parts of the world at substantially cut rates.

While many of the airlines publicly proclaim their disenchantment with discounting and with bucket-shops, and declare their determination to stamp them out, they nevertheless privately continue to indulge in discounting, and some do pass stocks of tickets over to "bucket-shops."

Every business travel manager either already knows this, or should know it, and by discreet shopping around can probably find a valid ticket for business class to, say, the Far East, Middle East or elsewhere at a price well below the prevailing official rate.

The ethics of using bucket-shops or buying discounted tickets is a matter for individual companies or businessmen to judge for themselves, but there is no doubt whatsoever that the practices exist, and indeed even flourish on some routes, although on others have already been eliminated.

What emerges from all this is that while some airlines have learned that their business travellers are worth courting, others still do not appear to have understood that they even exist, with the emphasis still



Japan Air Lines Boeing 747s at Narita Airport, Tokyo. JAL will soon operate the world's largest 747 fleet.

being placed on the low-fare, economy class traveller.

During the recession, which has substantially reduced all levels of traffic on long-haul routes, business travel has held up surprisingly well, and on some routes has actually increased. So much so on the North Atlantic sector, for example, that at least two new airlines have been encouraged to introduce business-class services on the route between the UK and the U.S.

Lower fares

People Express, which has generated a substantial volume of publicity for its low-fare domestic operations in the U.S., is now planning to start low-fare flights five times weekly between Newark, New Jersey, and Gatwick, this summer, using a Boeing 747 Jumbo, at a \$149 (\$27) single "coach class" rate, but with also a \$499 "premium" class, that is intended to equate in style with the various business-classes on offer from the other scheduled airlines on the route, but at a lower rate.

The \$499 (\$998) premium class single fare, for example, will compete with the transatlantic business class single rate on other airlines of \$499.

Also, later this summer, a new UK airline, British Atlantic Airways, is planning to launch

an all-business class service between Gatwick and Kennedy Airport, New York, twice a week each way, at a return fare of \$599, which will be substantially below current business class fares, with in-flight service that British Atlantic claims will be "second to none in the business."

Both People Express and British Atlantic have yet to have their plans approved by the Civil Aviation Authority. Since People Express is a U.S. airline, already designated on the route by the U.S. Civil Aeronautics Board, it seems likely to get its reciprocal designation from the UK without too much difficulty, including approval of its fares.

British Atlantic, as a UK-proposed airline, must run the gauntlet of a public hearing before the Civil Aviation Authority, as a result of opposition to its plans filed with the authority by British Airways, British Caledonian and British Airports.

The public hearings have been set for May 18, 20 and 25 and 26, and will afford an opportunity for the other airlines, and the public, to hear more about the plans of an airline which hitherto has been elusive in publishing them in detail.

Small 'feeder' airlines provide key links between regions

THE GROWING number of small feeder airlines throughout the world makes an important addition to the range of options available to the business traveller. They provide an often essential link between outlying regions and major airports and are important contributors to the financial health of the larger long-distance airlines through interlinking connections.

In the U.S. these feeder airlines, also called commuter airlines, have grown rapidly in importance, especially because of the economic pressures faced by the larger airlines. All airlines in the U.S. have faced the twin pressures of rising costs and increased competition arising from the deregulation of air services. The larger airlines, with their greater infrastructures, higher overheads and big aircraft with their demands for high load factors—have suffered most.

Some of the airlines have been forced to drop routes which have proved to be uneconomic under the new and harshly competitive environment. This has opened the door for the smaller carriers, with tighter operations, smaller aircraft and only a limited number of routes.

These commuter aviation services are nevertheless scheduled airline operations, often providing the only rapid link between local communities and the larger international airports.

In Western Europe the feeder or commuter services are often known as the circles of governments that try to encourage their growth as "cross-border regional air services," or as "third level" airline services. This description distinguishes the feeder airlines from the larger short-haul and long-haul domestic and international operations of the main airlines and from the wider arena of general aviation.

In Europe the scale of operations of the small feeder and commuter airlines is illustrated by the performance of the members of the European Regional Airlines Organisation. Last year the nine members of the organisation carried well over 1m passengers and almost 650 tonnes of air freight. Their fleets carried a total of 599,731 passengers from small regional airports to the major cities of Europe, including Vienna, Stockholm, Nuremberg, Zurich, Friedrichshafen and Innsbruck.

The members of the central region include Air Alsace of Mulhouse, Austrian Air Services of Vienna, Brit Air of Montpellier, France; Copterair of Zurich, Switzerland; Delta Air and Flight Travel Service of Paderborn, W. Germany; Sverdrup of Stockholm and Tyrolean Airways of Austria.

In Britain an estimated total of 15 feeder and commuter airlines operate from regional bases such as Norwich, Humberside, Leeds/Bradford, Newcastle, Luton, Plymouth, Liverpool, Manchester, and Newcastle. The number of routes

Lynton McLain
examines the growing
role of computer air-
lines in business travel.

served is relatively modest in relation to the scale of commuter airline operations in the U.S.

Nevertheless, the Trade Department and the UK Civil Aviation Authority operate that up to 1,500 potential routes are available to small UK airlines under existing bilateral agreements with countries on the Continent.

Many of these cross-border regional airline routes have not been taken up because passenger demand has simply not been demonstrated or because the costs of setting up a small airline operation have proved to be prohibitive.

A further obstacle to the rapid development of cross-border regional airlines in Europe is the difficulty the governments who are party to the bilateral agreements have had in agreeing to a more liberal licensing regime.

The UK Government is one of the foremost advocates of a more liberal approach to the licensing of routes for these small airlines. In particular the Government wants to see less bureaucracy and greater simplicity in the process for gaining approval for licences.

The Civil Aviation Authority (CAA), however, regards the room for manoeuvre as limited. Its duties are bound by Parliament under the Civil Aviation Act, 1982, and it believes that there is already practically no

room for the granting of licences on new routes. Mr. Don, the chairman of the CAA, said in a speech earlier this year that the first to succeed would be likely to be the new routes.

The regulation which the Airports does make is to ensure that an airline route to operate in competition with another carrier or carriers of a route.

A review of domestic air services regulation in Britain has been completed by the CAA and is under consideration by the Trade Department in London.

The impact of an airline proving its financial soundness before a licence is granted has nevertheless not stopped a wide range of small airlines operating on routes in Britain and to the Continent uncovered by the major carriers like British Airways and British Caledonian Airways.

Typical of the small carriers in operation in Great Britain is Humberside Airport. The airline operates in association with British Caledonian Airways. Computer Services and has services from Manchester to Teesside; Birmingham to Liverpool and Norwich; Coventry to London; Gatwick; Eshbury, Denmark to Glasgow; Humberside, Gatwick, Heathrow Airport, London, Norwich and Teesside.

It also offers services from the Isle of Man to Leeds/Bradford, and from Jersey to Humberside and Liverpool to Newcastle.

In the south of England Metropolitan Airways, in association with Dan Air, links Bournebushe with Newcastle, Manchester, Birmingham, Cardiff, Gatwick, Alderney and Chesham in France. Most of these regional routes were once served by Dan Air using large capacity uneconomic aircraft. Metropolitan Airways uses the 20-seat de Havilland of Canada Twin Otter commuter aircraft.

The association between the small feeder airlines and the larger more conventional carriers is often on routes the latter have dropped because of the larger airlines' inability to make the routes pay with their existing large aircraft.

We shall not, we shall not be moved!

AIR CANADA

Passengers refuse to leave the wide open spaces of Air Canada's new Intercontinental Executive Class.

More space. More comfort. Better service. That's what passengers enjoy in Air Canada's new Intercontinental Executive Class... so you can hardly blame them for wanting to stay.

As an Executive Class passenger you're special from the moment you book. That's when you select your seat.

At the airport there's a separate check-in desk and you are free to use Air Canada's Maple Leaf lounge. You can relax before the flight away from the hustle and bustle of the crowds.

Aboard the aircraft you sit in a quiet cabin that's reserved exclusively for Executive Class passengers like you.

The seats are so big and roomy other airlines use them in first class. There's space to work, stretch out or move about.

As the miles slip away we serve you a full four-course meal—with choice of entrée—on bone china accompanied by wines and liquors so fine it would be a sin to serve them in anything but genuine glasses. Naturally there is no extra charge for drinks.

After the meal watch the film or listen to stereo music on electronic headphones—compliments of Air Canada. And just to make sure you arrive feeling really

fresh we not only provide hot towels but complimentary toiletry sets as well.

The First Class difference.

There's only one better way to Canada than Executive Class and that's Intercontinental First Class. All the seats in Air Canada First Class cabins are fully reclining sleeper-seats. Passengers enjoy qualities of luxury, food and service that would be hard to match on the ground let alone in the air!

Get the full story

Air Canada's Executive Class provides standards of comfort and service that are only a whisker away from First Class. It's worth every penny of the small premium on the normal full economy fare. There's no better value to Canada.

For full details of Air Canada's Intercontinental First and Executive Class services to eight Canadian cities ring your travel agent or contact Air Canada direct.

Flights so good, you won't want to get off.

AIR CANADA
Intercontinental

BUSINESS TRAVEL V



The main weapons in the highly competitive car rental business tend to be price, availability of vehicles, the quality of cars and the ability to deal with problems. Above: the Hertz Rent a Car depot at London's Heathrow Airport

UK rates seem to be edging up, but are still relatively inexpensive, says Arthur Sandles

Hectic marketing year for car rental groups

IN THE U.S. the car rental market has been totally disrupted by the give-aways war, under which individual renters are rewarded with all manner of products (usually luggage), for their custom.

In Europe, however, the battle so far continues on more conventional lines and, unless someone becomes desperate, is likely to go on that way.

The American customers are wooed by ever-more expensive gifts, in the rest of the business world the appeal tends to be on levels of service, geographic coverage and, inevitably, price.

The British market is fairly typical of the world pattern of the business. There are some 877 organisations in Britain which are sufficiently involved in the vehicle rental market to join the Vehicle Rental Association, and yet of those 877 the average business traveller would be hard-put to it to think of more than six names — Avis, Budget, Godfrey Davis European, Hertz and Swan National. "Given, deliberately, in alphabetical order" along with a big regional company, says Mitchell in Scotland.

The major names control a little under half the total market, but almost certainly this is the pluriest end of the business and notably bookings that originate at airports, in major city centres and at rail terminals.

In name terms, the market has changed little over the past ten years apart from the coming-together of Godfrey Davis and Europcar. However, there has been a period of swings and roundabouts.

Burgeoning
A decade ago it might have seemed that Hertz and Avis would sweep away the local opposition. In fact, Godfrey Davis quietly hung on to its market strength, and the late seventies saw the burgeoning of a local newcomer, Swan National.

The past couple of years has seen something of a comeback by the Americans, however, whatever their problems in their home ground. Now the UK seems to be in the unusual position of having all four major leaders relatively lean and healthy at the same time. It looks like a hectic marketing year ahead.

While business custom will form the main battle ground over the coming months, the weapons will tend to be price, availability of cars, the quality of those cars and the ability to deal with problems.

Mr Frank Olson, who heads Hertz's UK operations, has got to be right, your product has got to be right, and your service has got to be right. That means investment, every year, in the fleet, in buses, in equip-

ment facilities, in turn-around facilities, in maintenance facilities and in people. So the pressure stays on.

"Do it right or lose market position," Maximilian today's position, by realising those investments in our business because, over time, we would lose business.

At most eyes, the annual investment level is indeed huge. GDE (Godfrey Davis European) recently placed orders worth £55m for cars this year for a fleet which peaks at 8,000 vehicles in the summer months.

Rate structures

The persuasive talents applied to the renting of these cars is considerable. GDE has gone as far as working out that companies could get more work out of their executives if they used 85 or 90 per cent of their work on road.

An executive travelling, say, 20,000 miles on company business, if travelling at an average of 30 mph, would spend 67 hours a year merely getting to and from appointments.

"This is equivalent to 83 working days, or 17 weeks, which can represent 40 per cent of the executive's total working time."

Persuasive as that sort of argument may be, what has often put renters off the larger companies is cost. Now they are all adjusting their rate structures to battle on a variety of fronts.

"We have got to get the rates right for three types of renters," says Avis. "There are the people who simply want to rent locally and return the car to the same place, then there are those who need the one-way rental facility and other services. And, of course, there is the international market."

Inevitably, the real target is the small rental companies. Small should not be regarded as synonymous with bad. Many of these local companies, some of them franchise holders from larger organisations, are, in fact, very efficient organisations offering excellent service to a local customer area and frequently doing so as part of an overall deal which includes the sale and servicing of company fleet cars and, possibly, private vehicles as well.

Nonetheless, many of them are now feeling the full brunt of the assault by the major groups, which are almost universally offering attractive base-to-base rental rates and particularly tempting to capture the weekend leisure market which is such a key to week-round car usage and, thus, overhead spreading.

Overall, however, car rental rates seem to be edging up, which, if it can be sustained, will be good news to the companies.

Mr Freddie Aldous, chairman

of Swan National, has been pointing out for months that in European terms UK car rental is relatively inexpensive when you compare the cost of the vehicle with the daily rental rate.

"And the service we offer, and I mean the industry, is second to none. You try getting cars delivered to your office in the States! They just laugh at you. Here, it's all part of the service."

Aldous is something of an industry champion, leading to the attack on behalf not only of his own company, but also his colleagues. Last year, he was among the most vocally furious when discounting broke out among car manufacturers, wiping hundreds of thousands of pounds of the UK rental pool value and sending second-hand car prices spiralling. At one point last year, the average car in most fleets was depreciating at as much as £90 a month.

That alarming period seems also to have worried some corporate pool owners, and the rental companies are hoping that some of these will drop the cars that many of them run and turn instead to rental.

"These cars often sit around, under-used, badly maintained and with low residual values," says GDE, which suggests an annual cost of £2,500 for a pool car, a price which would buy a great deal of car rental.

Another area of attack comes as a result of the growth of the mileage allowance for personal car use.

Normal level
Around 28p per mile is a fairly normal level in the UK, and some companies go much higher. This again makes car rental competitive, but also questionable in that there is no risk of the user being over-optimistic about the miles actually covered.

The car rental companies go into the main selling season of 1983 in rather more optimistic mood than they were a year ago. No one is expecting a huge increase in business and most are looking for the predicted modest rise in U.S. traffic to the UK and to winning a little more market share from each other for their growth.

At the same time, the settling of the car market which will mean a higher degree of predictability over depreciation costs could actually help profitability.

One thing that no one wants to see on the horizon is the Atlantic as a "gift war". But as one non-rental British executive said of that in New York recently: "If the rental companies could not stop it, the tax man would. He would step in and start assessing the value of all those bags, straight away — and the drivers would suddenly be less keen on the idea."

BR has seen some switching of first to second class, says Hazel Duffy

Railways adapt to changing needs

RAIL TRAVEL for the business person tends to be most attractive over medium-length distances, 100 to 200 miles. Below these distances, the railways find it much more difficult to compete with the car. And on longer distances, the airlines begin to offer time advantages.

In making the decision as to the most convenient mode of travel, the business person will be influenced by factors such as the opportunity to use the journey time for working, eating, or even sleeping — all possible on the train and without the tedium of having to travel from city centre to airport. These advantages are emphasised heavily by the railways' advertising campaigns to attract and keep the business person.

Business travel is important to the railways. British Rail estimates that it accounts for 30-35 per cent of all travel, and as much as 40 per cent on routes between London and the West Midlands, and the North West. In revenue terms, business travel yields about £150m out of Inter City's total £400m annual turnover.

First-class travellers are particularly attractive for the railways, although BR estimates that 60 per cent of business travel uses second class.

Business travel is much less price-sensitive than leisure travel, as some 90 per cent of people travelling on business having their fares paid by their employers.

BR has seen some switching of first to second class by business travellers during the recession, although the main impact of the recession has been simply that people are not travelling as much. First-class travel accounts for about 6 per cent of total Inter City volume (10 per cent of value) against 10 per cent three years ago.

The railways are keenly aware that their valuable business travellers can be lured to the motor car over shorter distances, or to the airlines over longer journeys, if they do not offer the right service.

German Railways believe firmly that their "clock face" timetable, whereby 35 cities have Inter City services leaving at the same minutes past each hour throughout the day, is a valuable attraction. A business person in those cities knows the departure time without consulting a timetable.

Diary guide

BR launched recently its first Inter City Executive guide, a slim diary-sized guide and timetable which was mailed to 150,000 business people, which it hopes will be carried around like a diary by the business person. The routes are displayed graphically at the top of each page, and the timetable itself is much easier to follow than normal rail guides.

Punctuality and the ability to run services in almost all weathers are key advantages offered by the railways. But the business person also wants comfort and convenience, particularly for a first class fare.

Catering on trains is regarded frequently as a loss leader: BR provides catering on most Inter City services, although French Railways, for instance, tends to restrict catering to meal times.

The Japanese Shinkansen routes, heavily used by business travellers, and the new high-speed TGV services in France, provide air-style catering at the seat. BR is unsure whether to follow this procedure on some routes, although it has introduced lighter buffet-style meals on some services.

The "great British breakfast," however, is likely to stay at least for the next few years. BR market research shows that

some business people continue to want full meals in spite of the changes in eating habits over the years and indeed, many business people may actually choose the train in order to have a meal.

Speed is not always the first priority of the business person. On times, the railways cannot compete with the London-Scotland air shuttle services, but they can compete on service.

New air-conditioned sleeper coaches have been introduced on the London-Glasgow-Edinburgh - Aberdeen - Inverness routes, which will be extended to include Perth, the North West of England, Newcastle and the South West later in the year as part of a £60m sleeper car replacement programme.

Demand for sleeper services has fallen during the recession, but the public outcry when BR said it would withdraw sleepers from Manchester and Liverpool led to a two-year reprieve, to be assessed in the light of future demand.

Speed may not always be the priority, but the railways have demonstrated that over certain distances — they can win business travel from the airlines. The TGV has done this very successfully on the Paris-Lyon route, where Air Inter's loss of competitiveness has been reflected in sharply reduced earnings on this route. When the rail journey time is to the under two hours, later this year, the rail advantage will be even more clear.

The introduction of the TGV on Paris-Lyon-Marseille-Genève routes has released some of French Railways' modern "Corail" rolling stock for other routes which has made them more attractive for business travel. BR recently put High Speed Trains on the London-Midland routes and has thereby earned a similar increase in passengers.

There has been a trend, however, for the prestige TEEs — Europe's all first-class inter-city trains — to be downgraded into first and second class in response to the fall in demand for first class travel. Several TEE services through France have been switched to Inter City services, although Paris-Brussels-Amsterdam and Paris-Lille TEEs are still producing good loads.

German Railways has withdrawn its TEEs, except for the "Rheinhold" Amsterdam-Basel, which will split at Mannheim — one into a slower, tourist-type train, and the other retaining its high speed.

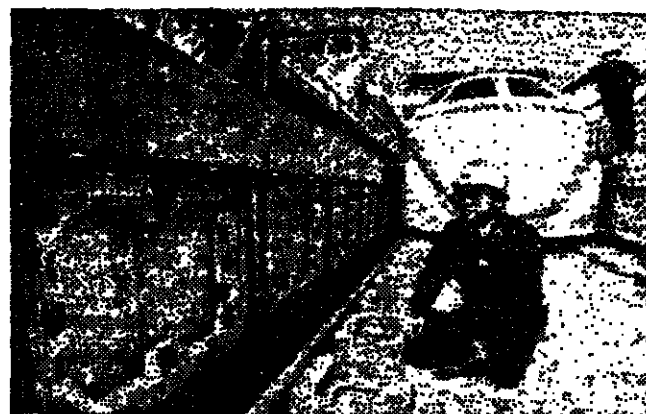
Rheinhold

German Railways is promoting this service in a deliberate attempt to test the market for quality and the public's willingness to pay a

premium for quality. German Railways is more premium-conscious than BR — all German Inter City services carry a supplement, whereas the Manchester Pullman is the only supplement service run by BR.

The recession has forced the railways to put the pricing and marketing of business travel under closer scrutiny. BR is considering the introduction of discounts for business houses which take a quantity of first-class space, while new advertising has been prepared to make greater play of the whole Inter City concept.

German Railways is looking very closely at the marketing of all its passenger services and the French keep a close watch on promotions for business travel. The value of the business traveller has become all the more marked by the recession and his needs the more closely studied.



"The train now levitating at platform one..." — the shape of things to come in Japan, where high-speed "shinkansen" (bullet trains) link major city centres, while experiments (above) are being carried out with linear induction-powered trains, with operating speeds of up to 500 kph

Glyn Gwin

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A Question of CLASS

an exclusive Hogg Robinson Publication

HOGG ROBINSON

business travel leaders

BUSINESS TRAVEL VI

Arthur Sandles looks at the role of specialist travel agencies

In-plant: the new buzz-word

"IN-PLANT" is the current buzz-word in the esoteric world of business travel houses. Beware the travel agent trying to burrow into your corporate entity.

Over the past decade, specialist travel agencies have been enormously successful in wooing the business travel sector of the market into their hands.

The demarcation between leisure travel and business travel is now considerable, with most larger companies channelling their custom through agents who in turn are exercising greater and greater power over airlines, hotel groups and other travel suppliers.

The stage has now been reached where companies or individuals with even modest travel budgets regard their leisure and business travel purchases in much the same light as their domestic and office furnishing demands—totally separate.

Alongside the development of specialist travel agencies has also grown the travel manager, a company employee whose job it is to ensure that the organisation is getting best value for its money and maintaining some form of discipline over staff so that corporate travel policies are observed.

There is a tendency now for travel agencies to suggest to companies that they could even take over this role. There are strong arguments in favour, but before looking at them it is also worth looking at the motives behind any move to make your company the next candidate for an implant.

An in-plant travel agency is clearly psychologically more difficult to shift than one which

is at arms length. One of the aims of the in-plant is also, and this is not necessarily a bad thing, to get to grips with commission sources, particularly car rental and hotel bookings which sometimes slip away into direct bookings as a result of corporate loyalty schemes operated in those fields.

The reason that this latter objective is not necessarily a bad thing is that your buying power, added to that of the agency's other clients, might actually win you a better return.

The in-plant operation can take two forms, either the agency supplies the staff and entirely takes over the operation, replacing the travel manager, or a deal is reached whereby your own staff continue to be used but are in effect leased to the agency which then passes back some of the commission earned to help pay for their services.

Attractions

The two great attractions which specialist houses will offer administrators is a cost-saving, and close supervision of expenditure. A good agency should be able to provide a regular detailed and easily-read listing of travel demands by staff, a listing which will not only show where the money is going, but also highlight staff who refuse, for some reason or another, to observe corporate travel rules by selecting a superior hotel or flying at a time when the air fare was higher.

For users of the travel services, however, the facilities can be very much wider. Cossetting seems to be the name of the game. Just look around at



Worldmark Travel's reservation centre in Wigmore Street, London. A part of the Hogg Robinson Group, Worldmark handle around £20m worth of business travel a year

Heathrow or JFK these days and you will spot the neatly uniformed, clipboard-carrying representatives of the world's major business travel organisations, fussing their clients through the torment of the terminals.

There they are, providing visas, fixing cars, organising tickets and even whisking their charges away for a coffee and a little quietness.

The stakes are high. Commission levels to groups which can generate large amounts of business soar, enabling successful agencies not only to offer their customers a decent rate, but also to be respectably profitable themselves. No wonder the very whisper that a corporate account of any size might be on the move, or coming onto the market for the first time, will provoke a wave of colourful brochures and earnest salesmen.

Winning an account is very much a matter of offering the most for the least. One British major, Hogg Robinson, talks of the necessity to go through company travel records with a fine tooth comb in order to spot savings and offer improved services.

An account can easily be won over the finance director's desk, but it can just as easily be lost by inefficiency which upsets the actual users of the service.

Costs and supervision remain crucial, however.

"Commercial houses are now demanding that their agents take the initiative and make positive cost-cutting suggestions," says Wakefield Fortune.

That message seems to be drummed home almost everywhere, with several of the larger agencies constantly reminding their clients of the cheaper fares available on airlines and the discounts they can obtain in hotels.

Pickfords has its "Price-savers". Lunn Poly has its impressively comprehensive "Fare Deal". Thomas Cook boasts of a "special fares unit" whose prime function is to negotiate fare savings with airlines and is locked in constant combat with American Express over just who is biggest and, by implication, best.

Universally travel agencies are deep into new technology, giving them the facility not only of rapid access to both information and reservations but also the ability to record and recall travel patterns of corporate employees.

The travel business has come a long way from the time when an agent was someone with a wall peg-board and a pile of timetables. But beware. Now he is trying to move into your office.

AIRLINE 'INCH WAR' HOTS UP IN U.S.

NOT SINCE the miniskirt and 160 mm cigarettes have inches counted so much. British Airways opened the controversy with a nearly full-page ad claiming the widest seats in business class. It has wider than TWA and 5 1/2 ins wider than Pan Am.

Designed expressly for British Airways' Super Club class, the seats and service are the first advertising campaign for the airline done by their new agency, Satchi and Satchi Compton Worldwide, according to Mr John Lamp, British Airways' deputy public relations manager in New York.

Mr David Venz, director of public affairs for TWA, claims that his airline uses TWA's first-class seat that was moved to their Ambassador business

class when first class got sleeper seats. So successful has TWA's business class been, he added, that last autumn it was put on all domestic wide-body routes with a fare only \$10 to \$30 above full-fare coach.

Passions run high in the airline industry these days, as frayed nerves work on transferring a devastating four-year rate war into less sensitive competition in other areas, like seat widths.

The first break in the protracted airfare war occurred last month when American Airlines announced a revamped rate schedule based on distance with the elimination of what became hundreds of competing discounts.

Quick acceptance of the plan by major airlines like United, Eastern, TWA,

Western and Republic made the industry look as though it would return to its healthier days before deregulation.

Pan Am, in a major bid to cut its rate plan, proposing fares that undercut the other airlines by as much as 51 per cent on some routes.

In addition, the new arrangements discount the influence of the new small airlines that continue to provide bargain fares, like People's Express' proposed \$149 fare to London.

Though these bids have not ended the business market, People's is offering a \$450 premium fare which would apply domestic discounts to long-haul competition in dollars, not inches.

Frank Lipsius

Electronic gadgetry provides new sophisticated information services for American business travellers, as Frank Lipsius reports from New York.

Information at high speed

THE ELECTRONICS age has served the business traveller with handy alarm clocks, coded door locks and even portable personal computers, but something more specifically for a travelling businessman is only just now landing at American airports.

Following a two-year prototype experiment at La Guardia in New York, Business Information Services booths are being installed in a nationwide network of 60 cities, starting with Atlanta.

At its most sophisticated, the booth will provide computers and continuous scrolling video news, along with automated teller machines from which travellers can extract cash with their credit cards. All the booths will have the money machines and the best travelled airports will also have the computer and news services which will cost the traveller nothing to use.

BIS Communications leases the space from the airports and installs and mans the walk-through stalls. The time that

the executives have to wait to get on a flight is the medium being sold by Mr John Bonanno, company president.

"We don't want Coca Cola advertising here," he said. "We want services that business people are interested in."

He is negotiating with computer companies such as Wang, information services like the New York Times Information Bank, and hopes to attract companies willing to provide, for example, commodity prices, foreign exchange listings and the Denver penny stock market quotations.

The technological wizardry of the Pierre Hotel in New York is limited to the old vacuum cleaning system that runs

ties that offer the ultimate service to one or two dozen people needing an intimate setting, a board room or high-level meeting place. Calling the lobby "the living room," Gunter Richter, hotel operations vice-president for Rosewood Hotels, which owns the Mansion on Turtle Creek (Dallas) and the Bel Air in California as well as the Remington, noted that local companies have also hired the meeting rooms because of their superior facilities emphasising ease of operation on their 100 in Sony television monitors.

The technological wizardry of the Pierre Hotel in New York is limited to the old vacuum cleaning system that runs



The electronics industry, via the video screen, is now linking homes and offices in the U.S. to meet the intense demands of business travellers

the group tried a pilot teleconferencing project between Toronto and Montreal which left them with "mixed feelings."

"We found people intimidated by satellite communications. They're also expensive, and the channels that are hired can be pre-empted for other programmes. So you can spend a lot of money and not get anything out of it. But when the market demands it, we have the ability to provide it," he says.

Inter-Continental Hotels have put a million-dollar conference room in their New York and London hotels to provide teleconferencing at \$10,000 an hour for full video transmission and \$2,500 for audio-transmission. Looking like a transatlantic slide show that changes every 30 seconds.

Expectations

According to Mr Joseph Smyth, Inter-Continental's senior vice-president for marketing, the rooms are booked two or three hours a day by companies expressing an initial interest, which he expects to expand quite considerably over the next 18 months when full transmission is likely to cost what freeze-frame costs today.

The Travel Management Services inaugurated this year by American Express brings the computer into corporate travel budgets and expenditures.

Meant primarily for the few hundred multinational corporations that spend more than \$25m annually on employee travel, the service has already saved Burroughs Corporation 24 per cent on its air travel costs by negotiating fares and supervising card charges to prevent employees from violating company policy on expenses.

With American corporations spending an estimated \$72,000m in 1982 on travel and entertainment expenses, business travel continues to attract a wide variety of services combining business and leisure.

As Mr Gunter Richter of Rosewood Hotels says: "Our guests should be able to ask for anything or everything. I ask only that their assistants let us know in advance."

It is now becoming feasible to obtain it all under one roof. Having filled home and office with equipment, games and gadgets of every sort, the electronics industry is now meshing home and office to provide the premium elements of both for the unique demands of business travel.

Link-ups

Faster gadgetry will be featured in the room that Swiss hotelier René Ratt has designed to illustrate his "philosophy of happiness." A sophisticated interactive video phone will allow personalised wake up calls for guests asleep in Ratt's unique open-plan rooms where bathing facilities are integrated into the living quarters.

The hotel's audiovisual centre will make 350-400 films available on the guests' 70-channel television sets.

Equally important, the security and fire systems are linked to the rooms' televisions and can provide emergency information even when the telly is not on.

Electronics has helped a hotel like the six-month-old Remington in Houston to specialise in services for the chief executive officer or small business group. Rather than try to attract large conventions, the Remington features facilities

through the walls like the pneumatic messenger tubes of Paris. New hotels may have an advantage in providing the latest facilities but that does not concern George Schwab, the managing director of the Pierre, who feels his hotel's reputation is well-established with a clientele that go there to get what the Pierre has to offer.

"The businessmen bring their wives and do very few things that are strictly business. We are refurbishing two-thirds of the guest rooms and renovating the kitchen, providing the things that people expect to find at the Pierre," he says.

Even in their new hotels, the Four Seasons group, which now runs the Pierre along with 17 other hotels in Europe and North America, is approaching the technological revolution with caution.

According to the senior vice-president, Mr Dan Oberlander,

Robert Cottrell highlights Hong Kong's advantages as a base for business travel

The best base in the Far East

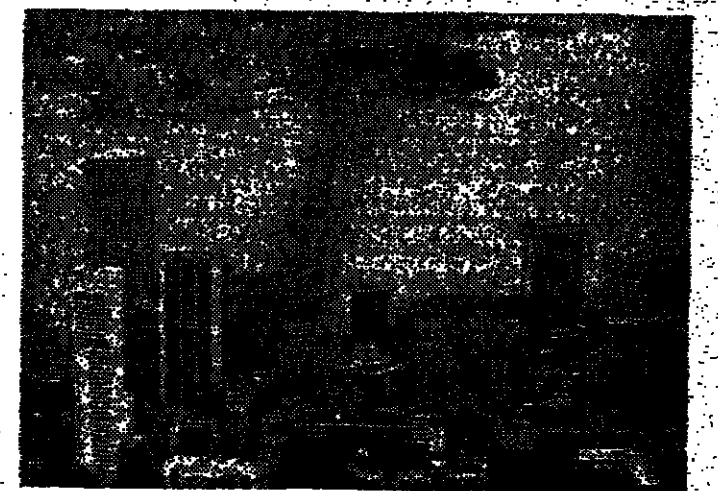
ON THE basis that a business traveller is looking for an English-speaking city with working telephones, a surplus of good hotel rooms and frequent regional air connections, Hong Kong is probably the best base from which to cover the Far East.

The Asian capitals, Tokyo, Taipei and Shanghai, are within a comfortable day's flight, while the weakness of the local currency, unsettled by political worries, makes Hong Kong particularly attractive to travellers paying in U.S. dollars. Even groggy sterling has managed to maintain a reasonable exchange rate.

America and London are both some 18 hours away, with most London flights offering a golf stopover, most U.S. West Coast flights a Tokyo one, though Pan Am flies the latter route direct. Allow a good two days to overcome jet lag. Hong Kong is a frantic place even for those in the best of spirits.

For doing business in Hong Kong itself, the best hotel to stay from both a prestige and convenience point of view is the Mandarin in Central District on Hong Kong Island. The Hilton is equally convenient, but with little of the Mandarin's style.

For a one-night hopover, the newly-opened Airport Meridien Hotel adjoins Hong Kong's Kaitak Airport and connects directly with the passenger terminal via a walkway. The food is good, and noise-worriers



Hong Kong—particularly attractive to travellers paying in U.S. dollars

may be reassured that Kaitak in any case operates a night curfew on flights.

For a first-class hotel room at less than HK\$500, stay around the swathe of glass-and-chrome hotels in Tsimshatsui (pronounced sim shah choy), which is the southern tip of Kowloon. The area is heavily oversupplied with new rooms, and walk-in over-nighters who are willing to take the risk of not forward booking may command a sizable discount.

On the debit side, it may take 30 to 40 minutes by cab or ferry to reach Central District, where most banks and professional offices are located.

English will see you through Hong Kong, as it will through Singapore and, to a lesser extent, through Tokyo. It will fail you in Bangkok not far outside the hotel door, except for certain basic transactions.

Throughout the Far East, carry lots of business cards, preferably engraved, preferably carrying on the back a translation in Chinese or Japanese characters, if appropriate.

Dress formally in Hong Kong and Tokyo. But Bangkok and Singapore—hotter cities year-round—are more tolerant of open-neck shirts and slacks.

Bucket shops throughout the region will readily underwrite regular airfares. Hong Kong travel agents will, for instance, offer return fares to Bangkok and Tokyo for HK\$2,200-2,400 on conveniently timed flights with quality carriers, no stopover charges can be given for the reliability of Hong Kong travel agents as a whole, most are efficient and a skin through the classified advertisement columns of the "South China Morning Post" can pay dividends.

For most countries that the businessman is likely to want to visit, visas where necessary are quickly available. The exception is China, where arrangements should be made months in advance through official channels. For a first business trip, engaging a group under the auspices of trade or local business associations may prove most satisfactory.

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Those who stay with us right through to Hong Kong enjoy the standards of service and comfort which prompted a leading travel magazine to vote us 'Best Airline to the Far East'.

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beginning. For every week, one hundred and forty Cathay Pacific flights leave Kai Tak airport for a total of twenty-one Far Eastern destinations.

See your travel agent or call us on 01-930 7878 for full details of our daily service to Bahrain and Hong Kong. But don't expect us to send you our timetable. You're looking at it.

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THE REAL TRAVELLER'S WAY

BUSINESS TRAVEL VII

VII



Picture by Glyn Gents

Cunard's transatlantic air-sea package

FOR THE business executive who wants to travel in style and has time for a sea voyage, then an air-sea travel package from Cunard may be the answer. Above: the last liner in regular transatlantic service, the Queen Elizabeth 2, passing Lower Manhattan inbound from Europe.

Cunard Line offer a number of packages which are attractive to the business traveller,

including a "wife free" fare, and an air-sea package travelling one way to the USA or Canada by air and the other by ship.

The five-day crossing is also attractive to people making prolonged European or U.S. stays—cars and household effects and domestic pets can be carried.

The QE2 will make 24 transatlantic crossings between April and December.

CHECK-LIST FOR AIR TRAVELLERS

ALLAN BEAVER provides here a simple guide for getting the best value from your travel agent—what he terms "a plane man's check-list for saving money on air travel."

The first four points cover decisions which you, the business traveller, should consider when making flight arrangements. You are entitled to expect, at the very least, that your travel agent automatically checks the rest of the list. If you do not have a company travel manager, then undertake a spot-check several times a year. Just make sure you really are receiving the best possible deal.

1—Are you absolutely certain of times and dates of travel? Remember that lower air fares are often inflexible. If you alter your trip, you may lose the total cost. However, IATA airlines seldom enforce cancellation or even no-show charges on higher price tickets.

2—How much travel risk are you willing to take? It may be foolish to join the standby ruckus brigade at the end of July. But transatlantic standby tickets are usually available in mid-February without problems.

3—What about other risks? Will you deal with disruptive companies which might involve losses? Some of the

cheapest air tickets infringe airline rules.

Back-dating the issuance of advance purchase tickets and foreign currency ticketing (sometimes called "cross-border selling") are typical examples, but there are many more.

Will you take a chance on the embarrassment and inconvenience of being refused passage? And is this type of risk incompatible with your personal or company status?

4—How much comfort do you want? And is there a company policy about who may travel first or club class and whether this is limited to journeys over a specific duration.

THE CHIEF EXECUTIVE VIEWPOINT

The importance of various travel agency services as rated by a survey of 840 managing directors by the London magazine "Chief Executive."

Important travel agency services:	Ranking	Availability
Immediate confirmation of flight reservations	1	1
High personalised service	2	3
Specialist fare unit advising on most economic fares	3	4
Visa and passport services	4	2
"Less important" services:		
Express delivery of documents	5	9
24-hour service	6	10
Conference/seminar group travel	7	7
Hotel and car hire reservations	8	5
Travellers' cheques and foreign currency	9	6
Worldwide network of offices	10	8

Six important considerations

HERE is a second check-list for the business traveller who could well save money by asking the following key questions:

1—Is there a charter flight or minimum guaranteed package tour (MGPT) available to the destination involved? (An MGPT provides nominal accommodation to comply with the regulations—in effect, only a return charter flight). Most big tour operators do this in Thomson Airlines, Cosmos Cheapies.

2—Is there a cheaper individual or group inclusive arrangement which will cover

all or part of the journey planned? For example, corporate arrangements incorporating scheduled air flights are available to a vast number of trade firms, conferences and exhibitions. But you do not have to attend the event to qualify for the reduced price.

3—Will any other type of group air fare or perhaps a spouse fare apply, if you are travelling together with someone else?

4—Is there a scheduled air excursion fare applicable to all or part of the planned itinerary? Minimum and

maximum stay rules are designed to make it difficult for businessmen to use these fares.

Another IATA regulation prevents the sale of excursion tickets in countries other than those from which the excursion fare applies. But it is neither illegal, nor wrong for you to instruct your associates in the Far East to book an excursion ticket for you, which you will collect on arrival.

5—Supposing you altered or postponed the date of travel? Is there any alternative air fare, including those with an

advanced booking requirement, which might then apply?

6—If after taking all the above points into account, a full price-scheduled air ticket is inevitable, do you wish to visit more places than originally planned at little or no extra cost by taking advantage of the IATA mileage system?

And when undertaking an IATA fare construction, has the possibility of using a "round the world" circle trip or open jaw routing, or a hypothetical fare construction point, been considered?

Allan Beaver

Some 74% of companies feel they receive a good overall service from their travel agents

Verdict on the agencies

IN THESE days of increasing business pressures, it is surprising that more than a third of the UK companies responding to a recent survey had never carried out a cost-analysis of their organisation's travel expenditure.

Only 41 per cent of respondents had done an analysis within the last year, 8 per cent within the last two years and 4 per cent more than two years ago.

These figures are among the findings of a business travel survey of 940 companies, undertaken by Dun and Bradstreet's marketing services division in London. The group maintains a computer file of more than 210,000 companies which can be analysed by size, location and trade parameters.

Some 74 per cent of companies feel they receive a good overall service from their travel agent, while 6 per cent are not satisfied. Only 80 per cent of companies believe their current arrangements with travel agents are cost effective, while 14 per cent assert they are not.

In all, 52 per cent of companies believe that they benefit from travel cost-savings achieved, while 17 per cent said that they do not have these benefits from using a travel agent.

A summary of the statistics (table) provides a fascinating insight into whether travel managers are completely satisfying the needs of business travellers.

The figures do not add up to 100 per cent because not all the 940 respondents answered each question. Only 82 per cent of the companies said that their employees flew internationally on business. Of these, travel agents made 75 per cent of the bookings were by an in-house travel department.

Of those companies not currently using a travel agent, only 5 per cent of companies said that they would consider doing so, if a comprehensive range of services were available.

Eight hundred managing directors were asked in December by the London magazine, "Chief Executive," for information concerning their business travel arrangements. The

directors' names were drawn randomly from the magazine's mailing list. Around 42 per cent of the companies responding had a specific travel agent and 8 per cent preferred to book their travel direct. The rest only used a travel agent "some of the time."

'Less value'

Over 32 per cent of those replying to the CE survey felt that travel agencies gave "less than average value for money," while just under 11 per cent found them "better than average."

Whereas the D and B research showed that a little over 56 per cent of the companies had centralised their travel purchasing function, the CE results which only concerned managing directors, were different.

Nearly 80 per cent said that

they left travel arrangements to other individuals or their secretaries. The survey revealed that only 4.5 per cent of companies had a travel manager, with a further 6 per cent or so having someone in charge of making travel arrangements.

There is also a contrast between the surveys, concerning the significance of various services. CE shows an alternative series of questions, asking respondents to rank services from one-to-five, depending on their relative importance. The survey then weighted the results, identifying the four services felt to be most useful and six more thought to be "unimportant," or less important.

More details available from "Chief Executive" magazine, Calderwood Street, London, S.E.18 6QH.

Allan Beaver

SERVICES FROM TRAVEL AGENTS

More than 900 British companies have indicated in a survey the variety of services which they now receive from travel agents. This table also shows the percentage of companies not receiving these services, but would like to—and the percentage which they say they do not need these services.

Services	Currently received %	Do not receive, but need % (one respondent only)	Do not need %
Airline tickets	88	2	3
Rail tickets	55	2	20
UK hotel reservations	29	4	43
Overseas hotel reservations	54	5	20
UK car hire	29	1	51
Overseas car hire	36	3	35
Passport/visa documentation service	38	5	31
Advice/assistance on travel plans	58	7	13
24 hours emergency service	22	11	38
Airport representation	10	7	54
Travellers cheques/currency	7	6	56
Computerised reservations and accounting	24	3	47
Computerised ticketing	38	5	29
Daily delivery services	24	5	32
Credit account facilities	44	3	12

Source: Dun and Bradstreet, Marketing Services Division, London

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Our table shows only a few examples: because Boston and Minneapolis/St Paul are major hubs on our coast-to-coast network serving 55 US cities, we could make the list much, much longer!

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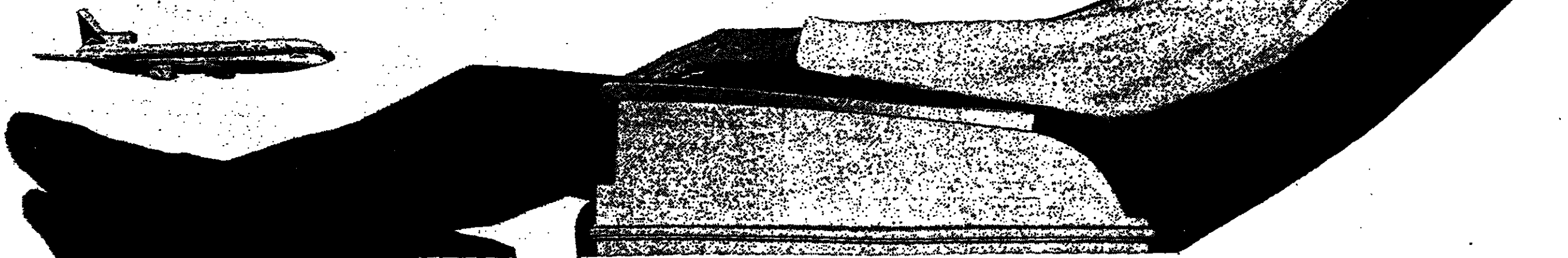
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BUSINESS TRAVEL VIII

TRAVEL AIDS: Lucia van der Post highlights some surprising trends in baggage design

New styles for trendy travellers

A GLANCE around the baggage carousel at any airport will immediately reveal that originality is not what a good suitcase is really about. Most travellers have quite simple needs — they want something that is strong but light, that looks good and doesn't cost too much. Any manufacturer who can come up with a winning combination of all these requirements will be headed for sure-fire success.

There seems to be one basic decision to be made at the very beginning for any potential traveller deciding upon which baggage to buy — and that is how much he is prepared to spend. There are two very acceptable approaches — either to buy cheap and often — or to regard a suitcase rather as if it were an investment, to pay the considerable sum a really good one may cost, and to have the satisfaction of knowing that it will last and last.

Rollbags

Luggage, as all travellers will have observed, comes in endless shapes and sizes. Currently riding very high in popularity are the soft rollbags which can be bought for as little as £10 and under in most baggage shops.

Luggage-buyers in the big stores report that these are very popular for the obvious reason that a good-sized rollbag can hold all that most travellers need for up to three or four days. I even know of a very smart fashion editor who went around the world with enough clothes for metropolitan and beach life, in several different climates, with just one of these sausage-shaped holdalls. They are light enough to be totally portable and have the great advantage that you can take them straight on to the plane, thus cutting down on check-in time and arrival time.

Once upon a time, these bags were mostly snapped up by the female of the species, but nowadays they come in sober colours and fabrics to meet the increasing demand from businessmen.

One of our best London stores with a fine luggage department, Harvey Nichols, reports that nowadays for every six suitcases they sell, some 10 to 15 hold-alls are sold, and they believe this to be not untypical of the market as a whole.

Customers seem to be becoming increasingly demanding and look into all the details, such as zips and locks — too many travellers have lost too many goods through broken zips or ripped luggage for anything

substandard to be saleable any more.

When customers want something more substantial than a holdall they often seem to go for something with wheels. Therefore an increasing number of manufacturers are incorporating wheels into their designs — among the latest manufacturers to produce a really lightweight range is Skyway.

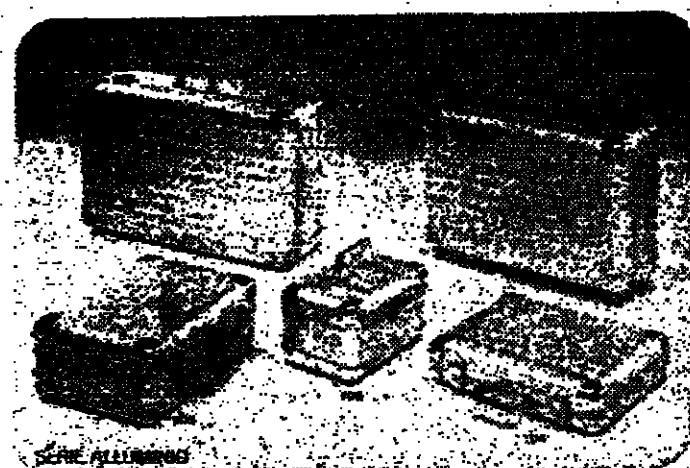
Using a combination of ever-popular corduroy nylon (chosen for its strength and lightness) with wheels built into the framework, Skyway has produced a suitcase that looks like being one of the runaway successes of this year.

Another of the successful designs with wheels is the Superior range from France. Here, injection-moulded hard-shell suitcases are combined with wheels that enable the owner to push the case backward, forward and sideways and it will run, according to the buyer, "like cream over the tiles." The entire range comes with a three-year guarantee.

Almost all travel-goods stores report quite a difference between the tastes of men and women. Women often go for the many-compartmentalised suitcases. They (says the buyer who, incidentally, is female) always tend to "pack too much" and wear too many "undies in one compartment, blouses in another and toiletries in another."

European men, it seems, generally prefer the straight-forward suitcase, though gradually they are beginning to adopt American habits and are changing over to combinations of "suiters" and carry-ons.

In the U.S., apparently, you can already tell the sex of the owner just by looking at the



IN DEMAND: fashionable aluminium travel aids by Enulle Leone of Italy

Almost to a man they are to be seen carrying just "suiters" and carry-ons. If you see a suitcase you can be fairly sure it belongs to a woman (which leads me to suppose the US luggage market must be much more buoyant than in Britain — in our family no such luxury as a suitcase of your own exists. We all have to grab whatever suitcase happens to be free at any given moment).

Baggage is definitely becoming larger in size — on Transatlantic flights these days baggage tends no longer to be weighed, but to be counted.

Most airlines allow just two pieces per person — one to be carried aboard and the other for the luggage hold, which means that there is a demand for larger suitcases for those who aren't able to exercise the same discipline as our globe-trotting fashion editor. Though there are endless ranges of cheap and cheerful luggage (in Britain, for instance, Boots has just brought out a smart-looking collection which has a flight-

bag for as little as \$5.99, a barrel-shaped item with shoulder straps and handles for just \$8.99; and a 28 in suitcase with its own padlock, for \$12.99), there is still a rising demand for the expensive end at well.

Leather is certainly not being phased out by the newer synthetics. In fact, recently it has staged a definite comeback, now that tanners and dyers are able to make it lighter and softer than it ever was before without any loss of strength.

Winner

Much sought-after is the Italian range of Redwall — this is bedroom luggage with buyers coming back year after year, to add to their growing collection.

Yuki, the fashion designer, is responsible for one of the few British ranges — light and soft in colour, sober enough to please the most conservative captain of industry, it has won a Design Council Award this year and is proving very popular despite the price tag.

For those travellers who worry about status, the top-runners are still those designs which have acquired an international recognition. Valmont, with its use of the days of ocean travel and of mysterious journeys on the Orient Express; Gucci with its distinctive colouring; Cartier with its Bordeaux range and its tres chic C.

For those who care for status of a different sort — that is who are less concerned about carrying the size of their cheque book than the ability to recognise fine design — there are two completely opposing styles to look out for.

Porsche, the design company started by Ferdinand Porsche of the motor-car family, has produced what must be the ultimate for those who care about truly beautiful design — in softest German calf leather, looking understated but distinct class.

There is a complete Porsche range of travelling aids for the businessman. An attache case, a document case (which will fit into the next design), the Travel Bag, the Saddle Bag and the Garment Bag. This kind of class you have to pay for — \$260 is the cheapest item on offer. And the leather garment bag will set our affluent but tasteful businessman back some £985.

Finally, for the really trendy traveller, the ultra-fashionable suitcase, according to Harvey Nichols, is going to be the Halfpenny aluminium suitcase: very strong and simple in shape, the cases will come in a choice of silver, reddish, gold or black finish. A 28 in suitcase will start at about \$300.

Anybody carrying one of these cases will certainly not be overlooked — possibly not even by the officer manning the Customs and Excise booth.

MEDICAL COVER: For international travellers, £20,000 cover should be regarded as the absolute minimum, says Arthur Sandles

Importance of health insurance

THERE IS little doubt that the health of the business traveller is suddenly a fashionable subject of conversation.

Youtiful heart attacks (on the increase, says Europ Assistance); bad decision-making, thanks to jet-lag (see a clever series of Corcoran advertisements); the rising incidence of infectious hepatitis; the pitfalls of answers to Montezuma's revenge or the Aztec two-step; even the threat to the afterglow energetic of herpes II; all will keep a couple of business travellers chatting busily over their Club-class free Scotch's (they are dehydrating, you know), from Athens to Amsterdam.

It is certainly a field in which there is an abundance of advice and helpful products.

For many business travellers, however, the practicality of some of the recommendations from the medical world, in particular, is open to doubt. As far as travel health is concerned, the company accountant is a much more powerful person than the company doctor.

Problems

It is extremely difficult, as a result, for probably the majority of business travellers to choose to fly with an airline that allows them to put their feet up; to fly on an aircraft that has enough room for a frequent walkabout; to rest and recover for sufficient time to be bright-eyed for the business negotiation; to avoid too many business lunches, or even worse, snatched sandwiches; and to escape the statutory drinks with the client and might on the town. Most travellers are under a firm direction to get there quickly and cheaply, do the deal and get back to base.

The potentially dangerous side of it is difficult to refuse if preferred by the President's wife in some sunshine republic where you are about to sign a multi-million contract.

What has definitely happened in recent years is a growing awareness of the problems and dangers of travel. Volumes are written about the subject and the recent British expansion of immunisation centres (both British Airways and Thomas Cook have opened new commercial centres in London recently), and the rising emphasis which insurance companies are placing on offering business travel insurance.

As far as the more frequent travel ailments are concerned, caution is about all that can be gained, since the acquisition of diarrhoea or even a local variety of influenza is not something against which it is easy to take strong defence — unlike malaria, yellow fever or the now thankfully-banished smallpox.

It is the treatment of such problems as diarrhoea which provokes the most heated arguments, which every nation it seems having some favourite (the British like variations of Kaoalin and Morphine, the Americans prefer Lomotil) while the medical profession urges rest, darkened rooms and a carefully prepared salt/sugar

solution as the only real treatment for the normal, simple case.

Recently, some Swiss researchers put the cat among the travel pigeons by suggesting that the more you tried to avoid the more likely you were to get it. Of some 10,555 European travellers to the tropics that they interviewed, one-third had suffered diarrhoea. The 32 per cent who had taken no precautionary measures at all (drinking and eating everything offered, experienced less than nine-tenths of the rate of diarrhoea when compared with the rest. Travellers who avoided only tap water suffered the average rate, but those who took the greatest care had the slightly above-average problems.

The report received a flat "I don't believe it" from the University of Texas health centre. It believes that there is great danger in telling people that they can eat "anything."

It reckons "safe" foods to be steaming hot dishes, fruit that needs to be peeled, breads or the local equivalent, carbonated drinks and heavily sugared foods.

The "unsafe" list includes particularly anything that is left to sit out in the open at room temperatures, notably luncheon meats and sauces. Perhaps the most difficult half-way ailment to avoid is infectious hepatitis, difficult because it seems to be caused by dirty dishes and thus very awkward to keep at bay when you are doing the run of tropical cocktail parties, but also because the glutinous gamma globulin injection which gives protection has to go into the customer's buttock and only lasts for a few weeks, anyway.

It is an experience which neither I nor my doctor seems to enjoy but, with several frequent travellers having been struck down with an ailment which leaves you listless and boozeless for a very long time, seems to be worth the trouble.

Good value

Basic health insurance cover these days is not markedly expensive for the UK business traveller — British Airways throws one in for your £55-a-year Club subscription (the actual insurer is Guardian Royal Exchange), but there are some points to watch for on the part of the buyer.

From bitter experience (being taken ill in Utah at 7.30 on a Sunday morning) I have now learned always to carry proof of my insured status, because to insist on a 24-hour, world-wide contact number for instant confirmation that someone acceptable is willing to pay and, if not travelling alone, always to make sure that someone else in the party knows where the insurance proof is kept.

Such is the competition in the market place today that levels of medical cover are almost always vastly more than is likely to be necessary. For the international traveller, however, £20,000 should surely be regarded as the absolute minimum — and you could soon

spend that sum if you were in a severe car crash in California.

Claims above £50,000 are, say the insurance companies, extremely rare, which is why some of them are indulging in the astronomical or even limitless cover that is sometimes on offer without much risk.

BUFA, incidentally, has just increased its cover to £75,000 from £50,000.

It is worth remembering, however, that insurance is not itself a preventative medicine

and that care, whatever the Swiss doctors say, is still a useful thing to take.

And yet perhaps the most dangerous moment of all is when you arrive back to base in that moment when you stagger back into the office, exhausted and jet-lagged after a non-stop sales tour and someone beams up to you with the question: "Have a good holiday?"

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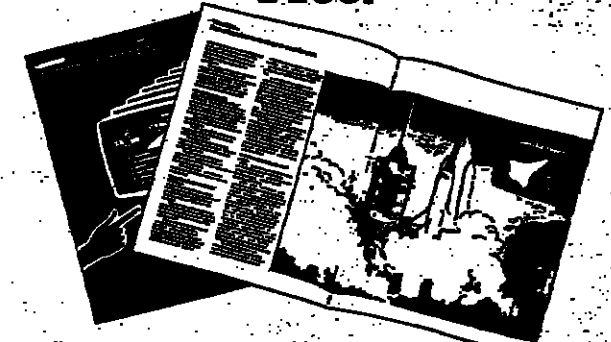
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